

EIGHT PAGES
FROM SUNDAY'S
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THE WEEK IN REVIEW
INSIDE TODAY

THE JERUSALEM POST

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THE DIFFERENCE

Policymakers believe Syria wants accord

By DAVID LANDAU
Post Diplomatic Correspondent

Syria's concern over the strengthening of two of its Arab adversaries, Iraq and Jordan, ought to prompt it to conclude an agreement enabling Israel to withdraw from all of South Lebanon.

This assessment was voiced by top policymakers here yesterday following the cabinet's endorsement of Defence Minister Yitzhak Rabin's effort to negotiate indirectly with the Syrians over withdrawal terms.

The cabinet—following the lead of the 10-man "inner cabinet" last week—also approved Rabin's intention to hold direct talks under UN auspices with Lebanese military officers over security arrangements in South Lebanon.

The policymakers cited Jordan's rapprochement with Egypt, and Iraq's expected rapprochement with Egypt, as developments bound to disturb the government in Damascus.

They feel Syrian President Hafez Assad would ideally wish to disengage his army from its present eyeball-to-eyeball confrontation in the Bekaa Valley, and keep it handy

for possible alternative requirements.

In addition, these policymakers believe, Assad might well be anxious to seize the chance to improve his relations with the U.S. afforded by an American mediation in South Lebanon. Resurfacing reports of American-Iraqi contacts must trouble him, the policymakers feel, while his own relations with his Soviet patron have not been totally harmonious.

Senior State Department Middle East aide Richard Murphy is expected in Israel tomorrow on a second brief "exploratory" mission to the region in connection with the South Lebanon problem. Rabin has predicted publicly that Washington will step up its diplomatic efforts after the presidential elections.

A third likely reason cited by the Israeli policymakers for Syria's eventual decision to negotiate is the country's desire to have Israel withdraw from all of Lebanon without achieving any political fruits from its invasion of June 1982.

Since the establishment of the unity government, with Rabin formu-

(Continued on Back Page)

Soldier wounded in South Lebanon

By MENAHEM HOROWITZ
METULLA. — A soldier was injured yesterday during an exchange of fire with gunmen in the eastern sector of South Lebanon.

The exchange, unusual for the recently quiet eastern sector, occurred after soldiers spotted suspicious figures north of Lake Karoun at 5 a.m. yesterday, near the demarcation line between Syrian and Israeli forces. The soldier was injured in his leg in the clash.

An Israel Defence Forces armoured personnel carrier arriving at the site went over a mine apparently planted by the infiltrating unit. No one was hurt in the explosion, and the infiltrators escaped back into the Syrian-controlled territory.

There have been few infiltration attempts in the region in recent months as the Syrians and would-be infiltrators are fortifying positions in preparation for winter. (Other South Lebanon incidents—page 2).

Israel raps UK arms sales as Howe arrives for visit

By DAVID LANDAU
Post Diplomatic Correspondent

Israeli officials let loose a broadside at Britain yesterday, just as Foreign Secretary Geoffrey Howe arrived for a three-day official visit. The officials blasted London's arms-sales efforts in Arab countries, maintaining that "such policies should not be pursued by those professing to promote peace in the region."

The officials' comment came after British Defence Secretary Michael Heseltine's visit last week to Jordan. They referred also to a recent weapons-selling sortie by French Defence Minister Charles Hernu to several Arab states.

The Israeli officials contended that those attempts to sell ever more sophisticated hardware "to Arab countries still at war with Israel... must inevitably increase the danger of escalation and war in this region."

Arriving at Ben-Gurion Airport from Beirut yesterday evening, Howe said his talks in Israel would focus on security in South Lebanon and other Middle East issues.

"I am looking forward to discussing the Lebanese problem with you, but I bring no blueprints and do not come as a mediator," he said on his arrival.

Earlier yesterday Howe paid a

(Continued on Back Page)

Bolivian president on hunger strike

LA PAZ, Bolivia (AP). — President Hernan Siles Zuazo, in the third day of a hunger strike to protest criticism of his record fighting Bolivia's flourishing illegal cocaine trade, was ordered by his doctor yesterday to stop walking around the presidential palace to conserve his energy.

The opposition, meanwhile, remained unmoved by the 70-year-old president's action.

Siles Zuazo's personal physician Guillermo Calderon also said that he told the president to put some sugar

in the water he drinks to keep up his strength.

The president told the nation last Thursday night in a televised speech that he would stop eating until the opposition-controlled congress withdrew its censure of his drug enforcement record.

But the opposition's stance remained unchanged. In a statement issued in Washington, former president Victor Paz Estenssoro, a leading opposition figure, called the hunger strike "a theatrical gesture."



Top picture shows the hole where the rocket entered above the rear exit of the Hebron-bound bus. Bottom, a security forces officer carries the LAW rocket launcher.

Police probe link with Old City cafe bombing Man killed as rocket hits Arab bus in J'lem

By ROBERT ROSENBERG
Jerusalem Post Reporter

Jerusalem police are studying possible connections between a September grenade attack on an Old City cafe and yesterday's rocket attack on an Arab bus in Jerusalem that killed one person and wounded 11 others.

Twenty-year-old Ismail Almatir died in yesterday's firing, which blasted a 30 centimetre hole in a southbound green and white Hebron bus on the incline leading up the valley of Hinnom.

A note left at the scene of the LAW rocket firing, describing the terror incident as "revenge" for the Cremisan monastery murders last week, included hitherto unpublished references to the detonation system of a flare grenade used in the Old City attack on September 22 in which four people were slightly wounded.

A description of the assailant in the Old City cafe incident is being compared to eyewitness accounts from yesterday's incident. The September assailant escaped through Old City alleyways in the direction of the Jewish Quarter.

An anonymous caller to the police after the Old City incident claimed that the attack was in retaliation for an Arab terror incident. But police then discounted the phone call, believing that the attack on the cafe, among whose patrons are known criminals, was not a political act.

Yesterday's note at the scene of the bus attack, with its references to the Old City cafe incident, contained information that only the perpetrator of the Old City incident could have known.

Southern District Commander Avraham Turgeeman appointed Superintendent Amram Fahima to head the police investigating team into yesterday's attack.

Turgeeman, in a report on the blast to Inspector General Arye Ivzhan, said that "if the rocket had struck 10 centimetres lower there would have been 10 times as many casualties."

The rocket tore a hole just above the rear exit of the bus, and many of

the injured were lacerated by shrapnel.

Fahima was chosen for the job of coordinating police and security forces investigators because of his success last winter in breaking the case of the sabotage attempt on the Temple Mount by an eccentric religious Jewish group that lived in the abandoned Arab village of Lifta at the entrance to the capital.

Fahima's team was last night consulting with handwriting experts analyzing the note, which along with the LAW launcher, was found barely 20 metres from where the bus was struck. The note, written in Hebrew, included biblical quotes, and stated that the attack was "to take revenge for the murders at the Cremisan monastery." A Jewish couple—Ron Levy and Revital Seri—were murdered in cold blood near the monastery in Beit Jalla last week by an assassin who was arrested three hours later.

Police were last night describing yesterday's attack as "equally cold blooded."

The note, said Police Minister Haim Bar-Lev, "informed the police that the people who made the attack did so because the government has not implemented the death penalty. If the government implements the death penalty," the minister quoted the note as saying, "these actions will cease." Sources close to the investigation described the note as "confused, but clear in its intentions."

Bar-Lev condemned the attack as perpetrated "by a group of people motivated by racist, nationalistic and extremist ideologies."

In a television interview last night, Bar-Lev added that expressions of support for the jailed Jewish underground suspects "could encourage unbalanced elements" to commit such crimes. Bar-Lev condemned both MK Geula Cohen and Rabbi Moshe Levinger, who in their reactions to the events yesterday blamed the government for its failure to maintain security in the territories. "Their comments could result in additional incidents such as this," said the minister.

On the subject of Kach leader Meir Kahane's support and admiration for the "brave Jewish men" who acted yesterday, Bar-Lev said it was "urgent" to legislate against racism "in such a way as to prevent Kahane from acting and expressing himself" in his current manner.

Prime Minister Shimon Peres's office issued a statement within two hours of the attack condemning it "and all forms of terror" as "revolting," and stressing that the government is determined to fight all manifestations of terror. "The government will take all the necessary means to arrest the perpetrators of this crime and prosecute them," said the statement.

Defence Minister Yitzhak Rabin's office also issued a statement denouncing the shooting, terming it "a

(Continued on Page 2, Col. 4)

NEWS ANALYSIS/Roy Isacowitz

Package deal may stand or fall on interest rates

TEL AVIV. — In a surprising turn of events, Histadrut and manufacturers representatives have found substantial common ground in the economic package deal negotiations with the government.

Histadrut officials decline to speak of a common approach being formulated, but they acknowledge that the two sides have discovered far more mutual interests than differences during the negotiations.

The budding partnership between the country's employers' and its employees' representatives stems from the fact that the Histadrut, through its Hevrat Ha'ovdim holding company, happens to be the second largest employer in the country, after the government.

The need to consider the interests

of its large commercial enterprises has compelled the labour federation to be particularly sensitive to the problems and concerns of the country's manufacturers.

Hevrat Ha'ovdim secretary, Danny Rosolio told *The Jerusalem Post* yesterday that many conflicts and disagreements over the package deal have been boiled down to one central problem: high interest rates. Rosolio, who is one of the leaders of the Histadrut's package deal negotiating team, stressed that the private sector manufacturers, and not only the Histadrut, rejected the economic plan presented by the government last week.

"They threw out the plan because they cannot continue in the prevailing

(Continued on Page 7)

Histadrut plotting strategy

By ROY ISACOWITZ
Jerusalem Post Reporter

TEL AVIV. — Trade union and labour council leaders are to hold an emergency conference at Histadrut headquarters here today to hear a report on the Histadrut's position in the package-deal negotiations and to chart the labour federation's future strategy.

Central committee member Ephraim Ziloni, deputy chairman of the Trade Union Department, told

The Jerusalem Post last night that the conference would be devoted to "information and preparation." He said that Histadrut Secretary-General Yisrael Kessar would report to the labour leaders on why the Histadrut rejected the economic plan presented by the government last week, as well as on the current situation in the talks with the government and the Coordinating Bureau of Economic Organizations, representing the

(Continued on Page 2, Col. 6)

Borrowing spree on election eve Debt jumped by \$1.1b. in six months

By AVI TEMKIN

Israel's foreign debt rose by \$1.1 billion to some \$23.8b. in the first half of 1984, the Bank of Israel reported yesterday.

Most of the increase was caused by \$910m. in loans taken by the government. The debt especially grew during the second quarter of the year, just prior to the July elections. During the first quarter of 1984 the debt rose by only \$67m.

Economic observers in Jerusalem said that the worsening debt situation was caused by the Likud government's efforts on election eve to conceal the drop in foreign-currency reserves. They said that the government had taken short-term loans from Israeli banks abroad to avoid the politically embarrassing de-

crease in reserves.

During the first half of the year short-term debts rose by \$426m., 38 per cent of the total increase in the country's liabilities.

Some \$323m. of the short-term debt was due to a jump in short-term obligations of the government. This figure was more than a third of the total increase in the government debt, and reflects the efforts made by former finance minister Yigal Cohen-Orad to finance increasing purchases of dollars by the public on election eve. This was in turn financed by shekels that had been pumped into the economy.

The increase in short-term obligations brought the total to over \$4b., some 16.8 per cent of the total debt, as compared to 15.8 per cent six

months before. This means that not only did the debt rise but its composition was worse than it was at the end of 1983.

The figures released by the Bank of Israel showed that from July 1984 to June 1985 Israel will have to pay some \$7.2b. in interest and principal of past loans. Three months ago the central bank had reported a total of some \$5.9b. expected to be paid out overseas for the period April 1984 to March 1985. Some \$4b. of the sums to be paid are for short-term debts, which are mostly renewed on a credit basis.

While in the 12 months preceding March 1984 the debt rose by some 3.2 per cent, in the July 1983-June 1984 period the total liabilities rose by some 11 per cent.

GSS agent testifies:

Terror suspect said not to 'dig too deeply'

Jerusalem Post Reporter

The General Security Service agent who headed the investigation and interrogation of members of the alleged Jewish terrorist group took the stand yesterday and testified that one of the defendants, Nathan Nathanson of Shilo, had warned him that "they were digging too deep" and that "this would be to the detriment of the GSS."

Identified only by his alias, "Segal," the agent testified behind closed doors in the Jerusalem District Court as part of the mini-trial over the admissibility of the confessions of the defendants. The protocol of

his testimony was later released to the press.

Nathanson, who is accused of having planted a bomb in the car of former Nabulus mayor Bassam Shak'a, also told the agent that a "senior personality" had instructed him not to talk or provide any details during his interrogation.

"Segal," who was called to testify by the state and has still to be cross-examined, said that an aerial photograph of the Temple Mount was found in the home of a relative of another of the defendants, Yehoshua Ben Shoshan. This photograph served the alleged conspir-

ators in their plot to destroy the mosques inside the Temple compound.

The agent said that he had talked to one of the first alleged members of the group to be arrested, Shaul Nir, to try and understand his motives and extract further names but had been unsuccessful. Nir had confirmed the planting of the bombs on five Arab-owned buses in East Jerusalem—the act which finally led to the cracking of the organization.

"Shaul Nir led to the first bus. We also reached the second bus and he pointed out exactly where the charge

(Continued on Page 7)

PM's aides complain:

Shamir applying brakes to Peres' initiatives

By DAVID LANDAU
Post Diplomatic Correspondent

Circles close to Prime Minister Peres appeared miffed yesterday by reports—apparently emanating from the Foreign Ministry—that Peres had undertaken not to meet with Egyptian diplomats without a Foreign Ministry present.

The reports were not only tartly denied, but also generated a vague resentment in these circles and talk of "an attempt to dictate to the prime minister."

Peres met last week with Egyptian Charge d'Affaires Mohammed Basionni, accompanied only by Minis-

ter without Portfolio Ezer Weizman. Beneath the pique at this particular exchange of barbed media remarks, there seems to be a deeper sense of concern welling up within the prime minister's circle over what is seen there as a certain negativism in the Foreign Ministry over Peres's hopes to effect a reappraisal in key areas of foreign policymaking.

The relationship with Egypt is one example—with Vice Premier and Foreign Minister Shamir having spoken out in cabinet against Peres's approach to the Taba dispute. There are signs that Peres wants to turn

(Continued on Page 2, Col. 6)



With Fred Weisgal on photo every Monday night 10pm-1am
THE LOUNGE
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BRUSSELS	7	14	12	12	12	12
FRANKFURT	7	14	12	12	12	12
GENOVA	7	14	12	12	12	12
PARIS	7	14	12	12	12	12
ROME	7	14	12	12	12	12
VIENNA	7	14	12	12	12	12
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THE WEATHER

Forecast: Partly cloudy.

Location	Yesterday's High/Low	Today's High/Low
Jerusalem	53/30	12-22
Golan	50/25	12-22
Nabatieh	50/25	12-22
Safed	50/25	12-22
Haifa Port	50/25	12-22
Tiberias	49/25	12-22
Nazareth	49/25	12-22
Aida	49/25	12-22
Shimon	49/25	12-22
Tel Aviv	69/25	17-25
B-G Airport	61/25	15-25
Jericho	39/25	16-30
Gaza	41/25	17-24
Beersheba	41/25	17-24
Eilat	39/25	19-28

ARRIVALS

Pinna Herzog, president of the Israel Association of University Women and the International Council of Women's permanent representative to the World Health Organization, from Vienna.

Ben Cohen, vice-chairman of LZA and president of the Zionist Federation of the U.S.A., Phyllis Sutter, member of the Zionist Executive and chairman of the "Pioneer" Women's Movement, to participate in the meetings of the WZJO executive, the board of governors of the Jewish Agency and activities of the World Labour Zionist Movement.

Barbara A. Mandel, national president, National Council of Jewish Women, U.S.A.; Dedic Perlov, executive director; Hannah Levin, director, Israel Affairs; and Marilyn Flatau, conference chairwoman, for the NCJW Fourth Summit Conference in Israel October 29-November 9, 1984.

School books to go up

The Education Ministry has approved a 21.4 per cent rise in the price of school books to match the rise in the September cost-of-living index, the ministry announced yesterday.

"The ministry has also said it has taken steps to ensure that book shops will not charge higher than approved prices for school books, following consumers' complaints about inflated prices. (Itm).

Teacher suspended in sexual relations case

An English teacher arrested last week on suspicion of having sexual relations with some of his female pupils and of distributing drugs among his class was ordered suspended yesterday.

Dr. Arye Niv, of Rishon LeZion, was teaching at a Histadrut school where courses to prepare pupils for high-school matriculation exams are given. Niv's suspension will remain in effect until his trial is over.

NO DRIPS. - A by-law to protect passers-by from water dripping from air-conditioners is now being enforced by Haifa municipal inspectors. During the past year Haifa had passed more new by-laws than any other local authority.

Israel Center
established in memory of Ben-Zion and Sara Falk

We are pleased to announce
The Israel and Ida Berman Memorial Lecture
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The Nathan and Sarah Koenig Memorial Lecture
GOOD AND EVIL - The Story of Man, from Creation to Noah
Tuesday, November 6, 1984, 7.15 p.m.

Lecturer: **Rabbi Dr. Samson R. Weiss**

10 STRAUSS AVENUE TEL 02/246206/7
Union of Orthodox Jewish Congregations of America
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Civil Defence Exercise in Nazareth - on Wednesday

The Civil Defence exercise in the Nazareth area, will be held on Wednesday, October 31, 1984, between 4 p.m. and 7.30 p.m. and not today (Monday), as published.

HOME AND WORLD NEWS

Receivership will give Ata a two-month reprieve

By DAVID RUDGE and ASHER WALLFISH
Jerusalem Post Reporters

The virtually bankrupt Ata textile concern may get a new lease on life thanks to the cabinet's recommendation yesterday to put it into receivership to make it easier to find a buyer.

But the reprieve is envisaged for only two months, and even before the two months elapse, hundreds of Ata employees are very likely to be dismissed, and some of the concern's least profitable departments are very likely to be closed, the ministers understood yesterday.

Although the clumsily worded cabinet statement said it was recommended to appoint an "active receiver" for the next two months, only a court has the power to do this - in response to a request from the owners or the creditors of the concern.

Bank Leumi, the main creditor, is expected to act at once to ask the courts to appoint a receiver. The bank will probably propose one or more candidates for the job and will have the right to veto the court's choice.

The four-man cabinet committee appointed yesterday to tackle the Ata dilemma will probably meet with Bank Leumi representatives today and will tell them that the Treasury agrees to ask the Knesset Finance Committee to approve state guarantees for a sum not exceeding \$1 million to be allocated to Ata to keep it afloat for the next two months, though not in all its departments.

The committee - Finance Minister Yitzhak Moda'i, Energy Minister Moshe Shahal, Labour Minister Moshe Katzav, and Industry Minister Ariel Sharon - will also advise Bank Leumi to be ready to waive some part of Ata's debts so as to make it easier for its owners, the Eisenberg enterprises, to find a buyer.

Shahal said that the government would try to get Bank Leumi or the company shareholders to provide the money necessary to keep the firm going during the two months, so that the government will not have to provide the funds itself.

The prospect of a receiver for Ata brought some relief to Ata's employees but there was concern that the receiver will try to implement the recommendations of the Industry and Trade Ministry's inquiry team. These include the dismissal of up to 800 employees.

Pinhas Groob, chairman of the works committee at Ata's main plants in Kiryat Ata and Kurland, told *The Jerusalem Post* that he would be able to get a good night's sleep - the first in a very long time.

Knesset Members Yair Tzaban, Chaika Grossman, Victor Shemtov, Amnon Linn, Ran Cohen and Zaidan Aitsche visited the Kiryat Ata factory yesterday. They promised workers they would do all in their power to prevent the company's closure, even joining them on the picket line if necessary.

Another visitor was Gershon Rozov, president of the Gabor textile firm which is considering purchasing Ata. Rozov told *The Jerusalem Post* that Ata's situation is not as bad as he had expected. The factory is old but has been well kept and has a good and loyal work force, he said.

Rozov emphasized that he would consider buying the factory provided that the government helps the textile industry in general and that Ata's losses, now running around \$1m. a month, are covered.

The works committee of the Zim shipping company, which like Ata is controlled by Eisenberg enterprises, announced yesterday that Zim employees will begin a solidarity strike if the Ata plant is closed.

Pinhas Landau adds:
Alaska Sportlife, a subsidiary of Ata's subsidiary Tetra, notified the Tel Aviv Stock Exchange yesterday that the Tel Aviv District Court last Thursday appointed accountant A. Ben-Israel as temporary receiver and manager of the company.

Alaska announced earlier last week that it had a severe cash crisis, and that the company is unable to meet its obligations.

The receiver has authority to impound the company's assets.

The request for a receiver was made by Bank Leumi and Union Bank.

West Bank settlement to be twinned with Ciskei capital

By JOSHUA BRILLIANT
Jerusalem Post Reporter

The West Bank settlement of Ariel is to be twinned on Wednesday with Bisho, the new capital of Ciskei, although the Israeli government along with the rest of the world apart from South Africa does not recognize that country.

Ciskei's president, Lennox Sebe, is due here tomorrow for a four to five day visit during which he will attend the ceremony and meet Israeli businessmen to try to promote additional investment in his country.

Sebe has a reputation of being ruthless with his political opponents. The latest Amnesty International report severely criticized the Ciskei authorities for torturing prisoners, arbitrary arrests and detentions without trial.

The Israeli Foreign Ministry is clearly unhappy with the twinning and the Sebe visit. "It is not in our liking," a senior ministry source said in Jerusalem yesterday. However, he added, Israel cannot stop Sebe, who is expected to enter on a South African passport. The government was not consulted before Ariel's decision to twin with Bisho, he added.

"If the people of Ariel invited him - it's their business," the official said.

The twinning would clearly serve the regime in the black African homeland. "Bisho will gain a bit of recognition from another city," Nat Rosenwasser, Ciskei's representative in Israel told *The Jerusalem Post*. But it was not immediately clear what Ariel stood to gain by it.

A spokesman for Ariel, Dina Salat, told *The Post*. "We don't see a difference between the twinning of Ariel and Bisho and (that) of Haifa and Cape Town."

Ariel has invited ministers and Knesset members to attend Wednesday's ceremony and dinner but so far no minister has accepted the invitation.

In the past the Foreign Ministry has criticized then minister Sara Doron and State Comptroller Yitzhak Taub for meeting officials of the South African homelands. And last night the Foreign Ministry source appeared to stand by that policy, stating, "We have never met any official from the homelands."

The visit is nevertheless likely to harm Israel's relations with black African states.

Scargill comes under fire for union's contacts with Libya

LONDON (AP). - Arthur Scargill, Marxist leader of Britain's striking coalminers, came under a barrage of condemnation from all sides yesterday after he admitted miners' union executives have sought Libyan support for their seven-month-old strike.

Neil Kinnock, leader of the opposition Labour Party, said that any offers from Tripoli "would be an insult to everything the British Labour movement stands for."

He stressed in a statement: "If such offers are ever made, then of course they must and will be rejected."

Scargill earlier confirmed a front-page report in London's *Sunday Times* that he had been in contact with Libyans to discuss aid for miners and their families suffering increasing hardship as the strike drags on with no settlement in sight.

Libya has been reviled in Britain since gunmen in its London embassy fired on demonstrators last April, killing a policewoman and wounding 11 protesters.

Britain then broke off relations with Tripoli. Libya's Muammar Gaddafi in the past has supported the outlawed Irish Republican Army, fighting to end British rule in Northern Ireland.

David Steel, leader of the middle-road Liberals, declared the miners' "Libyan connection" showed that their strike is politically motivated.

Miners leader Ted McKay said he was "outraged" that his union was dealing with "thugs and murderers" in Tripoli.

Conservative Teddy Taylor charged that the report strengthened allegations that "some members of the NUM executive are more interested in revolution than fighting for their membership."

Detestable attack on innocent citizens.

And the family of murder victim Levy also condemned the missile attack.

In Kiryat Arba, reaction was mixed. Some of the more extreme residents of the settlement near Hebron openly expressed satisfaction about the attack. Others described the attackers as "crazy."

Levy appeared to side with the attackers when in a press statement he said that "such incidents are bound to occur as young men for whom Israel's honour is dear, rise up to do what that government fails to do."

The committee to support the underground issued a similar statement.

People identifying themselves as Kach members called Kol Yisrael to express appreciation and admiration for the attack, but refrained from taking responsibility for it.

Bar-Lev's mention of "a group" may have been premature, police sources said. They said "a trained operator" of the LAW missile, used by the infantry in the IDF, could have staged the attack singlehandedly.

There are confusing and contradictory eyewitness reports describing individuals escaping from the scene. One eyewitness told police he saw "Jews" escape in a Ford.

Another said he saw a "Jew" rush down from the grassy knoll overlooking the damaged bus, into the valley below. Police planned questioning residents of Yemin Moshe's Mishkenot Shana anim, which overlooks the scene. Arabs who survived the attack on the bus unscaimed were also being questioned last night.

Police sources said that "every avenue of investigation" is open to them, but seemed convinced that Jews were responsible for the attack.

However, at least one police officer recalled that two years ago Hebrew handwritten leaflets distributed in East Jerusalem and calling for the destruction of the Temple Mount, turned out to have been written by Arab provocateurs.

Turgeman, denying that there had been intelligence reports in the days since the Cremisan murders, added

Note found after bus attack

The note that was found by the rocket launcher used to fire on the Arab bus in Jerusalem yesterday was initiated in the top corner with the Hebrew letters *bet, samech, daled* which stand for the expression "With heaven's help," a phrase used by Orthodox Jews. It was addressed to the government.

The authors of the letter, dated 28 October 1984, who call themselves "the avengers," wrote that they intend to strike against Arabs of Israel because the government does not deal firmly with them. They do not want Jewish blood to be shed unrequited.

They wrote that the immediate motive for their attack was the murder of the two students near the Cremisan Monastery in Beit Jalla. They announced that they would continue to avenge the murders of Jews.

The letter lists three conditions for the cessation of their attacks: execution of the students' murderers; death penalty for all terrorists who harm Jews; and release of the alleged Jewish underground members.

The authors threaten to continue their attacks using sophisticated weapons and go on to list some of the arms in their possession.

For every Jew that is killed, they write, they will kill two Arabs.

Is it true that the national anthem says "to be a free nation in our homeland," they ask in the letter's margin.

"The letter was written in neat handwriting in Hebrew but contained numerous spelling errors."

ROCKET HITS BUS

(Continued from Page One)

detestable attack on innocent citizens.

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The committee to support the underground issued a similar statement.

People identifying themselves as Kach members called Kol Yisrael to express appreciation and admiration for the attack, but refrained from taking responsibility for it.

Bar-Lev's mention of "a group" may have been premature, police sources said. They said "a trained operator" of the LAW missile, used by the infantry in the IDF, could have staged the attack singlehandedly.

There are confusing and contradictory eyewitness reports describing individuals escaping from the scene. One eyewitness told police he saw "Jews" escape in a Ford.

Another said he saw a "Jew" rush down from the grassy knoll overlooking the damaged bus, into the valley below. Police planned questioning residents of Yemin Moshe's Mishkenot Shana anim, which overlooks the scene. Arabs who survived the attack on the bus unscaimed were also being questioned last night.

Police sources said that "every avenue of investigation" is open to them, but seemed convinced that Jews were responsible for the attack.

However, at least one police officer recalled that two years ago Hebrew handwritten leaflets distributed in East Jerusalem and calling for the destruction of the Temple Mount, turned out to have been written by Arab provocateurs.

Turgeman, denying that there had been intelligence reports in the days since the Cremisan murders, added

Two roadside bombs dismantled in S. Lebanon

Jerusalem Post Reporter

French Unifil soldiers yesterday afternoon safely dismantled two roadside bombs in the western sector of South Lebanon.

The first bomb, weighing 10 kilograms, was found 1.5 kilometres east of Jouayeh, and the second, found shortly afterwards 1km. east of the first, weighed 15kg.

A South Lebanese resident was killed yesterday and another was injured when they entered an old minefield 2km. north of El-Khiyam and set off a mine.

The injured man was taken to the Marjayoun hospital. Efforts to retrieve the other man's body from the minefield were continuing last night.



Batya Margalit (left), the nanny who on Friday night was found in the Shufat refugee camp with a baby she had disappeared with two days earlier, goes to court yesterday accompanied by a friend. The Jerusalem Magistrates Court extended her remand by 15 days and recommended that she be sent for psychiatric observation. Police released Margalit's boyfriend yesterday after questioning him about his part in the affair. (Isaac Hurai)

HISTADRUT

(Continued from Page One)

private sector employers.

At the same time, Ziloni said, the participants at the conference would discuss what preparations should be made for the eventuality of the negotiations collapsing or the government implementing economic measures unilaterally. He said that the conference is not connected to last week's meeting of some 30 labour council heads in Ashdod, during which strong criticism of the Histadrut was aired.

Histadrut and CBEU teams met at the Manufacturers Association here last night to continue efforts at formulating a joint economic strategy. Hevrat Ha'ovdim Secretary Danny Rosolio said that the contacts are "exploratory."

Avi Tenenbaum, Treasury officials yesterday warned that the Histadrut proposal for a halt or even a slowdown in the rate of devaluation of the shekel is not acceptable.

The officials also said that the ministry's director-general, Emmanuel Sharon, is maintaining almost non-stop contacts with both the Histadrut and the employers, and that it would be inaccurate to say that the Treasury is being kept out of the talks by the industrialists and the labour federation.

Government sources yesterday admitted that the deadlock of the package-deal negotiations may lead to a revival of the semi-dollarization plan. "That plan is not dead, although it is currently not under consideration," the sources added.

Prime Minister Peres yesterday phoned all participants in the negotiations, informed government sources said.

SHAMIR APPLIES BRAKES

(Continued from Page One)

Taba over to international arbitration as a means of thawing the "cold peace" between Israel and Egypt.

Lebanon is another example - with the Foreign Ministry taking a hard line on the formalities surrounding Israel-Lebanon military talks under UN auspices.

On the other hand, when Industry Minister Sharon asserted publicly that his own reservations over Defence Minister Rabin's Lebanon policy were shared by Shamir, the Vice Premier declined, in cabinet forums, to bear out that assertion and side with Sharon.

Observers note a certain irony in this situation. Almost throughout Israel's history, the Foreign Ministry has been the advocate of greater political moderation, battling against harder-line policies advocated by the Defence Ministry and the Prime Minister's Office.

Sources around Peres cite Shamir's (Likud-Herut) party-political exigencies, as well as his ideological positions to account for his ministry's perceived tough line. They cite too the influence on him of his close aide Yosef Ben-Aharon, who is a confirmed hardliner.

One man-in-the-middle is Foreign Ministry Director-General David Kimche. A Shamir appointee and close confidant of the vice premier, Kimche is respected by the Peres circle too, and apparently by Peres himself.

"We wouldn't mind having him here when Peres meets with Egyptians," a Peres aide said yesterday.

Kimche has pooh-poohed talk of disharmony between the offices of the prime minister and the vice prime minister.

Armacost and Murphy meet Saudi King Fahd

JEDDA (AP). - King Fahd of Saudi Arabia yesterday received U.S. Undersecretary of State Michael Armacost and Assistant Secretary of State Richard Murphy, amid reports the main topics of discussion were the Arab-Israeli conflict, the Lebanese crisis and the Iraq-Iran war.

The meeting was attended by the Saudi Foreign Minister, Prince Saud al-Faisal, who earlier in the day conferred with the two American officials on the same topics.

Arab diplomatic sources here said the two American officials briefed Prince Saud on efforts underway to arrange a withdrawal of Israeli invasion troops from South Lebanese regions.

Armacost and Murphy met Saudi King Fahd yesterday. A 15-year-old resident of Yehud was charged in district court yesterday with the rape of an eight-year-old girl and ordered held until the end of his trial.

The charge sheet says that on October 15 at about 3 p.m. the girl was riding her bicycle near the community centre in Yehud, a town near Lod, when the youth approached her and pulled her off her bicycle.

FALSE ALARM. - The Superkol store in Omer, near Beersheba, has been fined 1530,000 for causing a public nuisance by letting an alarm go off from 1 a.m.-6 a.m. during February. The prosecution told the court there was no reason for the alarm to be sounded.

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Arlene and the family

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We announce with sorrow the death of
our beloved wife, mother, grandmother and great-grandmother
KITTY BELIKOFF
Deeply mourned by her
loving husband, Aaron
daughters, Riva Morris
Sonia Goodman
family and friends in Israel
and abroad

The funeral will take place today, October 29, 1984
at the New Cemetery, Ha'anana at 3 p.m.

ad352-15 132

We share the deep sorrow
of Pauline, Michael, Roni, Dana and Leora,
on the death of our much beloved
DAVID RABIN
who passed away on Friday, October 26, 1984
in Nashville, Tennessee.

Helen Aron
Jessie and Jeff Fabian and family

ad353-15 121

הלא מן האל

Universities open—but for how long?

By D'VORA BEN SHAUL
Jerusalem Post Reporter

All the country's universities opened yesterday except for Ben-Gurion University of the Negev, which insists on obtaining budgetary guarantees for its operation for the entire school year before beginning lectures.

But the country's more than 50,000 university students were troubled by the uncertainty surrounding the continuation of classes for the rest of the academic year.

Among the deeply concerned were those who must rent apartments. Since landlords almost always insist on a one-year lease, and in many cases demand several months' rent in advance, students are worried lest classes should stop at mid-term. As a result many are staying with friends or relatives until the situation becomes clearer and for some this means conditions non-conducive to study.

Other students, particularly those

studying for advanced degrees, serve as laboratory assistants and as tutors for lower classes and receive stipends. But in most cases their stipends have only been guaranteed for the first quarter of the school year. Many masters degree and doctoral candidates are unsure whether they will have a job and stipend later in the year to be able to continue to pay for their studies.

Another worried group are the 10,000 students who tutor disadvantaged children under the *Perah* programme. In return for their one-to-one tutoring the government pays approximately 70 per cent of their tuition. Recent cuts in the Education Ministry budget make it uncertain just to what degree *Perah* will be implemented this year and students say that this threatens their studies.

In the meantime Ben-Gurion University officials said that they will try to meet with Treasury officials this week on their budget. Yesterday the Council for Higher Education noti-

fied the university that the ISL2 billion to be allotted it before the end of November was the maximum it could hope to get and that no more funds were available.

At Haifa University some 6,000 students, including 1,800 freshmen, started the new school year yesterday. This year 1,000 students have been admitted to the preparatory courses, including demobilized soldiers who for the first time will combine their studies with work in kibbutzim, where they will lodge, the university spokeswoman announced.

Because of a 25-per-cent cut in government funding, the university has dismissed academic and administrative personnel and faculty have agreed to a 6-per-cent pay cut.

Also because of the cutbacks no new students have been accepted to occupational therapy, and the psychological counselling service has been closed.

Court upholds closure of school in Jerusalem

Jerusalem Post Reporter

The High Court of Justice yesterday upheld the Jerusalem municipality's closure order against the Noam elementary school in the Gilo neighbourhood.

The municipality ordered the unlicensed school closed last week, charging that the facilities were inadequate and unsafe.

Parents of the school's 40 children, who had been attending grades 1-3 in a bomb shelter, had appealed the order in the court. The parents said that they had opened the branch of the Noam school in Jerusalem because the state religious school in Gilo has a high percentage of pupils who are not from religious homes and the level of religious education is inadequate.

Shamir attempting to turn Likud into a single faction

By MICHAEL YUDELMAN
Jerusalem Post Reporter

Vice Prime Minister Shamir has been meeting with Liberal and Herut leaders in efforts to unite the Likud into a single faction, instead of having the Liberals and La'am as factions within the Likud, it was learned yesterday.

Although Shamir is also continuing to receive delegations lobbying for either MK Eliyahu Ben-Elissar or MK Michael Dekel for the post of deputy defence minister, it was learned that the vice premier will postpone his decision until the disputes within the Likud are resolved.

It was rumoured yesterday that as a compromise, Dekel may be named deputy defence minister, and La'am's Ehud Olmert may be appointed deputy foreign minister instead of MK Ronnie Milo, who is Shamir's candidate for the post.

This arrangement would appease La'am, which was promised a ministerial post by the Likud. Ben-Elissar, who is supported by Ministers Ariel Sharon and David Levy for deputy defence minister, was also mentioned as a possible candidate for deputy foreign minister, due to his international standing and experience.

Shamir must also settle the Liberals' demand that Pessah Grupper be appointed as deputy Industry and Trade Minister — a step strongly opposed by Industry Minister Sharon.

However, sources close to Shamir yesterday denied these rumours, noting that both Dekel and Milo are Shamir's candidates for the respective posts of deputy defence and foreign ministers, and he has no intention of appointing anyone but them.

Shcharansky's family cannot reach him

Anatoly Shcharansky's mother has been unable to reach him since last Tuesday, and his family is concerned for his well-being, his wife Avital said on Israel Radio yesterday.

Shcharansky last week completed a three-year prison term in the Christoph prison and was to be transferred to a labour camp. His family was informed that he has indeed been removed from the prison, but has not been told where he is. Shcharansky is reportedly in bad health.

Meanwhile, sources in the Israel Public Council for Soviet Jewry yesterday said the KGB is gathering testimony against Alexander Choliminsky and Yuli Edelstein, refugees who were recently arrested.

Tatiana Edelstein and 100 other Jewish activists in the USSR have been fasting since October 19 in solidarity with those detained in the recent wave of arrests among Soviet Jews. (Iim)

Agency-gov't body to meet after 4-year lapse

By JUDY SIEGEL
Jerusalem Post Reporter

For the first time in over four years, the joint government-Jewish Agency coordinating body is to be convened today by the prime minister and the agency executive chairman. The body, which discusses matters relating to aliyah and absorption, is supposed to meet several times a year.

The coordinating body is chaired by Premier Shimon Peres and Executive Chairman Arye Dultzin. Some 20 to 30 cabinet ministers, agency executive members and Diaspora fundraisers are expected to take part.

The last meeting was held in July,

1980, under then-Premier Menachem Begin. Since then, reasons have always been found not to hold the meetings.

The session will begin at 9.30 a.m. in the Knesset, and will be closed to press and public. Among the subjects to be discussed are the crisis facing Soviet Jewry, aliyah, absorption, Project Renewal, Jewish education, and housing for new immigrants.

Meanwhile, the Jewish Agency board of governors, comprising Diaspora fundraisers and Israeli agency officials, is to hold a three day meeting, starting tomorrow. On Wednesday, the board will go to Tel Aviv to mark the city's 75th anniversary.



President Chaim Herzog talks with Pierre Yazbeck, the head of the Jerusalem-based Lebanese Christian Agency, whom he received at Beit Hanassi yesterday. Yazbeck brought Herzog a gift of 12 cedar saplings for planting in the presidential garden. (Rahamim Yisraeli)

Mubarak wants a bigger role for Europe

CAIRO (Reuters). — Egyptian President Hosni Mubarak is to leave for France and West Germany today seeking to persuade Europe to play a more active part in the search for peace in the Middle East.

Political sources here say Mubarak may ask German and French leaders to work for a new European Community initiative on the Middle East to update its 1980 Venice declaration, which called for a settlement guaranteeing Palestinian rights to self-determination.

Diplomats see the trip as part of intensified peace efforts by Egypt following last month's restoration of diplomatic ties with Jordan, severed by Amman when Cairo signed its 1979 peace treaty with Israel.

The diplomats said Egypt remains committed to the U.S.-sponsored Camp David peace process but

wants to explore other options while talks with Israel on Palestinian autonomy remain stalled.

In an interview with the West German weekly *Der Spiegel* on the eve of his departure, Mubarak held out little hope of a meeting with Prime Minister Shimon Peres, saying there was no sign of Israeli movement on key Egyptian demands for improved ties.

Kahane speech sparks clash with Peace Now

BEERSHEBA (Iim). — Blows and insults were exchanged yesterday evening between followers of Knesset Member Rabbi Meir Kahane and Peace Now supporters at a speech given by Kahane here. Police separated the two sides and arrested two of Kahane's followers and a Peace Now supporter.

PLP calls for programme of national service for Arabs

By LEA LEVAVI
Jerusalem Post Reporter

TEL AVIV. — Knesset Member Mohammed Miari yesterday called for the setting up of a programme of national service for Arabs, so that they would no longer face discrimination on the grounds of not having served in the army.

Miari, leader of the Progressive List for Peace, also proposed at a press conference yesterday detailing the PLP's economic programme that all discharged soldiers be given a

Science theme for Independence Day

Jerusalem Post Reporter

Israel's 37th Independence Day theme will be "Development, Science and Technology," according to an announcement yesterday by Government Information Centre director Ya'acov Shatz.

The theme was set by the Ministerial Committee on Ceremonies and Symbols. The ministers also appointed a steering committee headed by Shatz that will work out the details.

The 12 torch lighters at the Mt. Herzl ceremony opening Independence Day will all have a connection to development, science and technology. Other ideas are tours of technological industries and an exhibition showing Israel's accomplishments in the field.

grant of \$3,000, after which all other benefits (such as child allowances) would be the same for Jews and Arabs.

The PLP's other Knesset representative, Mattityahu Peled, called for shortening compulsory army service to 30 months, dropping of the Lavi project, eliminating waste and "fat" in the defence budget, freezing settlement on the West Bank and hastening withdrawal from Lebanon.

Peled said army service was extended from 30 months to three years after the Six Day War because there were large areas to administer and comparatively few soldiers coming into the army each year. Now we have left Sinai, he said, and there are more youngsters of compulsory service age, there is no reason why money cannot be saved by reducing the period again to 30 months.

Miari said Israel should stop spending money on the day-to-day administration of the territories and should leave everything but defence to the local Arab residents.

He added that the goal should be negotiations with the PLO for withdrawal from the territories and establishment of a Palestinian state.

Peled said withdrawal from Lebanon could be arranged technically within two weeks and might take another two weeks if we wanted to reach a political agreement.



The personnel serving in the IDF's Merkava II, which was unveiled yesterday, are called "the best-protected tank crews in the world." (IDF)

IDF's new 'high-tech tank'

Armour Corps offers first look at Merkava II

By JOSHUA BRILLIANT
Post Defence Reporter

TEL AVIV. — Israel's enemies are constantly updating and improving their armoured weapons, but thanks to a "technological revolution," this country's new Merkava II tank can successfully face any tank in service anywhere in the world, according to Tat-Aluf Amos Katz, OC Armoured Corps.

Katz made this statement yesterday on the eve of today's Armoured Corps Day, as he allowed the press its first look at the Merkava II.

Katz said that the Merkava II is equipped with a new fire-control system that includes a laser rangefinder and an ultra-sophisticated night-vision system.

The Arab states have Soviet T-72s, British Chieftains and U.S. M90s, many with improved guns, shells and fire-control systems, he said, and Israel must also consider the expected entry of T-80s and

German Leopards in the Middle East.

But the Merkava II, Katz said, has a better engine than its predecessor that gives it greater maneuverability, a fire-extinguishing system designed to go off the moment the tank is hit, and a greatly improved system to protect its occupants.

Thanks to the original Merkava's shields, the casualty ratio had dropped in combat situation since the 1973 Yom Kippur War, he said. The new Merkava is better still and is in fact "the best protected tank in the world," even compared with the U.S. M-1 and the Leopard II which are now entering front-line units in Europe, Katz said.

Israel's Centurions have also been improved with computers and other systems which increase the gunner's chances of hitting his target with his first round, he said.

Katz said that at the moment Israeli tanks are superior to the Sy-

rians' but Israel will have to retain its qualitative edge, especially since Defence Minister Yitzhak Rabin has said he will freeze the number of tanks in the IDF. This means that for every new tank given to the corps, another tank will have to be taken out of service. So far, however, purchasing plans have not been affected, Katz said.

But while the Merkava producers could increase their output they cannot because of financial constraints.

Katz seemed content with the level of training in the standing army but said that training reserves has dropped "to the red line." Compared with several years ago, tank exercises have dropped, and while simulators and other devices have been introduced, Katz indicated they did not fully compensate for the cut in hours in the field. He said a revolution in training methods is required to match the revolution in technology.

Masses of army equipment is returned

Post Defence Reporter

Machine guns, rockets and land mines were among the multitude of items returned by Israelis taking advantage of an IDF offer to accept illegally held equipment and ask no questions.

The IDF released a partial list of returned items yesterday.

There were 631 guns — including 270 Soviet-made Kalashnikov rifles, three Maag machine-guns, 19 Galil assault rifles, 70 Uzi submachine-guns and 108 pistols. These came back with 45,000 bullets — 5.56mm, 7.62mm and 9mm.

Other equipment included 10 rifle-propelled grenades, 150 assault

grenades, 116 smoke grenades and two land mines.

There were also 42 pairs of binoculars, nine tank telescopes, 580 detonators, 361 *dubonim* (winter jackets), 4,750 uniforms and three camouflage nets.

Military sources said yesterday a considerable amount of additional equipment had yet to be collected from various police stations.

Israelis can return the equipment until the end of the month without having to answer any questions. The authorities are planning raids immediately after that date, and people found in possession of IDF equipment will be tried, the army said.

Woman charged in bid to recover erotic tape

TEL AVIV (Iim). — A local woman was charged in the district court here yesterday with threatening her boyfriend with a gun to get him to return a cassette recording made while they were making love.

According to the charge sheet, one day last March, Sharon Lavi, 33, loaded her father's gun with six bullets and went to meet her boyfriend, Moshe Gabriel, of the Shabazi neighborhood in Tel Aviv. There she allegedly threatened him with the weapon.

Lavi is also charged with unlawful possession of a firearm.

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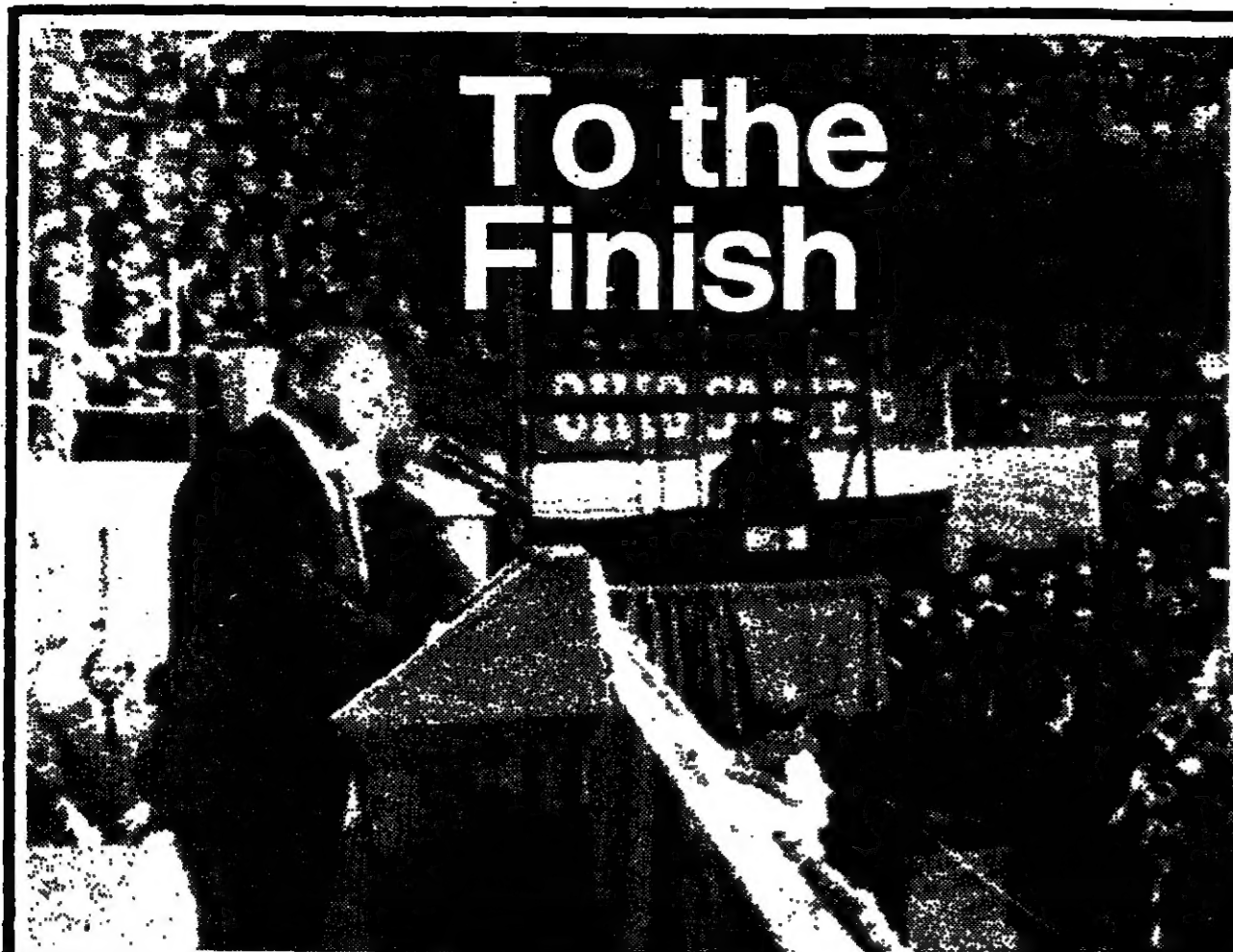
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P. 10

To the Finish



President Reagan addressing a rally at Ohio State University last week; Walter F. Mondale with Mayor W. Wilson Goode (right) in Philadelphia.

Reagan Finds Refreshment in A Fountain of Youthful Support

By FRANCIS X. CLINES

EACH well-crafted stop in these final days of President Reagan's campaign for re-election invariably is laced with a salute by Mr. Reagan to the young people in the audience, a cooing up to joyous throngs who hardly seem to need all that much partisan prompting.

"Your generation is really something special," he tells them. His every movement drenched in TV lamp-light, the President promises these new voters he will make their dreams come true.

Ten thousand college students at Ohio State University boomed back their ardor at one such stop last week, underlining what seems to be Mr. Reagan's prime appeal: Beyond his documented factual lapses and passionate views, he is the father figure that great numbers of Americans, young and older, seem to prefer as their Chief Executive in this complicated world.

Because of his relentless lead in the opinion polls, which confirm his powerful appeal to the young, Mr. Reagan has been able to continue campaigning in the self-confident patriarchal style of simple articulation that he prefers — by repeated, emotional displays of patriotism and optimism, by stern, fatherly reductions of the opposition to "small voices in the night sounding the call to go back," and by blunt reminders that, like a good provider, he presided over the rescue of the economy from recent recession.

Mr. Reagan, though wrinkled with age, seems elevated to mandarin status by all the youth that political engineers arrange gleaming at his feet beyond the auditorium stage.

His words seem to spiral ever more tightly inward into brief ignition lines for their willing cheers.

They delight at the image of the "Communist thugs" Mr. Reagan says he threw out of Grenada. He says this with the clipped grace of a lawman gazing across the swinging doors of a troublesome saloon; audiences beam, more than willing to put aside the fact that he gets a few details about the operation wrong.

'Sound Bites'

There is, of course, a strategem to the crafting of the candidate's stump speech to an ever more recognizable genre of slogans as Election Day nears.

"We are talking sound bites," one White House official said, summarizing the pathology of voter motivation in the electronic age.

But with the young people in particular, the device is required to a remarkable degree, as if the inbred children of the TV generation had finally found someone older to talk to.

The President cues them up with: "We were right when we stopped sending 'S-O-S' and started saying 'U.S.A.'!"

The students begin a chant that rocks the auditorium: "U.S.A! U.S.A! U.S.A!" The few young hecklers in the hall have their own slogans: "It just ain't so!" And: "You can't call them back!"

Mr. Reagan handles them like an old baseball pro baring fungoes, and the majority in the crowd can't resist counter-hecking with "Fritz is a wimp!" and, sometimes, far stronger expressions.

Mr. Reagan sometimes grins at the hecklers and says, "You're tempting me beyond my strength."

The Reagan bandwagon is no place for citizens who yearn to hear politicians talking in long paragraphs of issues. The incumbent front-runner has his campaign throttle trimmed back to short, tight bursts of key words and images.

Historically it was often so. Voters who snatch wonderingly at this cam-

paign's passing verbal clouds — "Star Wars"? "Armageddon"? — can remember the indecipherable stuff of "Quemoy and Matsu" and "backlash" from campaigns past.

Occasionally, the antique charm of gas-light-era politics shows through this limited articulation, as when an anti-Reagan heckler interrupts the President with a childhood jingle: "Liari Liari Pants on fire!"

But the Reagan campaign works hard at planning impressionistic politics. The President arrives heralded, like any White House incumbent, with a rendition of "Hail to the Chief," but someone has seen to follow immediately with the local college's football fight song.

He then sounds like a coach echoing this turf theme in claiming "not one square inch of territory" has been gained by the Soviet Union during his Administration. There are moments of beauty amid the contrivance of campaigning: the sight of plain, undeniable pride on the upturned faces of citizens of Medford, Ore., as Air Force One glides in a turn over the mountains at the horizon and lands all silver-and-blue to deliver the President to the humble logging town.

He walks directly down from the plane to the people, smiling and waving, and they are thrilled. But for all the months of precision fire-work, balloon and sky-diver stunts prearranged as expressions of patriotism from the campaign engineers, Medford's American flag banner fails to unfurl on cue. An embarrassed handymen has to tug it free, an instant too late for the telegraphic sunset tableau planned by the media pros.

Four years ago, Mr. Reagan was a nonincumbent slogging through a closer race, worrying about the unexpected, an "October surprise." This year he is relaxed and getting big laughs with his joke about scaring everyone on Halloween by dressing up as Walter Mondale's tax program.

His strength seems such that one booster introducing him last week felt emboldened to turn around an old negative issue — Mr. Reagan's having slept through the dogfight conflict in which Libya lost two planes.

"We had a lot more President in Ronald Reagan asleep than in Carter-Mondale awake!" went the cry, and a large crowd cheered.

For Mondale, Trying Harder Is The Antidote to Gloomy News

By BERNARD WEINRAUB

AFTER a day of campaign stops that didn't end until late evening, an obviously tired Walter F. Mondale stood before an Urban League audience in Chicago on Tuesday night. With the Presidential race at last in its final stage, with polls showing him lagging at least 10 points behind President Reagan, the Democratic candidate set aside his standard campaign speech. Speaking quietly, even wistfully, he said, "My enemy isn't Ronald Reagan. My enemy is apathy, despair and cynicism." Mr. Mondale then raised his voice. "My enemy is to be found in that attitude that there's no way trying, there's no point in trying, you can't succeed, politicians are all bad, politicians never make any difference."

"And it's the ultimate irony of this campaign that this Administration that has spread so much despair and heartache and suffering, that has closed the door on hope to so many millions of Americans, who has driven so many from work and broken so many dreams, could by that very fact create the despair that would re-elect them."

It was a rare moment for a complex politician, a moment that seemed to underscore his anxiety, exhaustion and, above all, frustration. The next night, Mr. Mondale

sat in a hotel suite in Milwaukee and learned that his own polls showed that he had lost ground since the second Presidential debate, in Kansas City. Perhaps more important, Mr. Mondale was told that support for President Reagan seemed firm and unwavering at about 55 percent.

Mr. Mondale hardly lapsed into gloom. It is one of the paradoxes of his long march to Election Day that whenever the polls have warned of the potential for overwhelming defeat, Mr. Mondale has come out swinging. "He's up, he's in good shape and swinging hard," said Michael Berman, a friend of the candidate and executive director of the Democratic National Committee. "When times are toughest Mondale shines. It's in his character. How many times were we counted out in the spring? And here we are!"

"I think the polls are dead wrong," Mr. Mondale was saying in Flint, Mich., by the end of the week. "I'm giving this campaign everything I've got, and I don't care what the polls say!" Mr. Mondale continually evoked Harry S. Truman's name. His speeches became vivid, his delivery chugging and aggressive.

He has scheduled a withering final week on the campaign trail, targeting such key states as California, Oregon, New York, New Jersey, Illinois, Ohio and Pennsylvania, as well as several states in the South. His "message" will be, as one aide said, "back to the basics and speaking from the heart," a populist theme-replete with still other names — among them Roosevelt and Kennedy (but not Jimmy Carter) — designed to lure wayward Democrats back into the fold. "I don't think it's over by any means," said Richard Moe, a chief of staff for Mr. Mondale when he was Vice President.

What's Wrong

Other Democrats say, however, that Mr. Mondale is struggling for two reasons. The first is that although the Democratic candidate has doggedly sought to run an issues-oriented campaign, they say, the issues have worked against him. The nation is at peace. Inflation, which rose to 12 percent under Mr. Carter, is now below 5 percent. Unemployment is at 7.3 percent, slightly less than when Mr. Reagan came into office. Although the Government's deficits have almost doubled in four years,

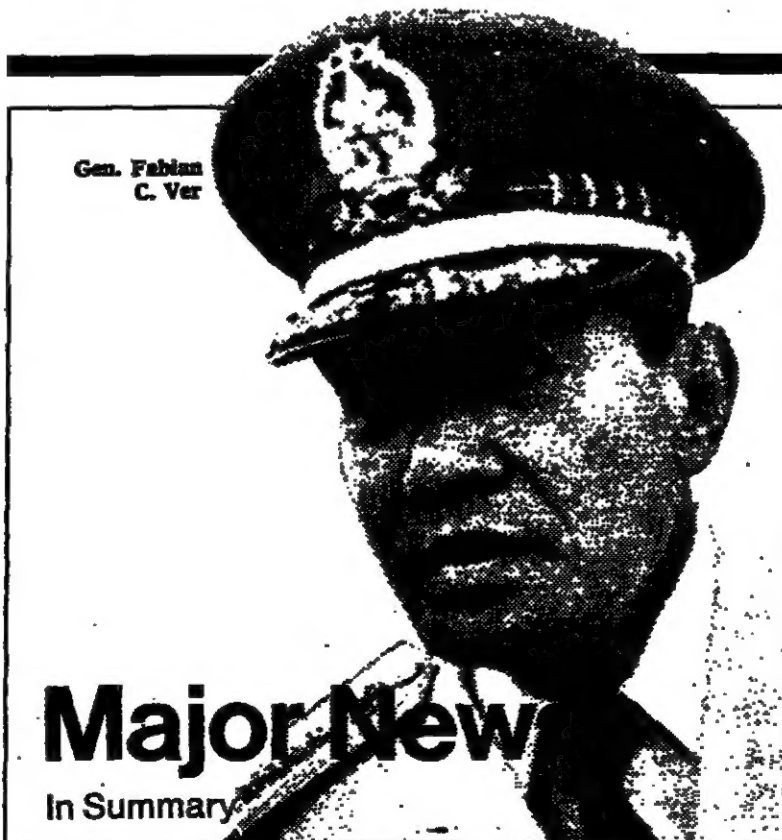
high interest rates have not so far substantially inhibited growth. The second is that Mr. Mondale's own campaign — once labeled a "juggernaut" because it seemed unstoppable — has been marked by disarray and miscalculation.

Some of Mr. Mondale's advisers wondered why, for example, he waited until Tuesday to release a 1980 letter from Mr. Reagan to then Vice President Nixon comparing John F. Kennedy's vision with that of Karl Marx and Adolf Hitler. Whatever the merits of releasing the letter, Mr. Mondale's campaign was aware of it before the debate in Kansas City. Precisely why Mr. Mondale chose to withhold the letter during the debate, when it would have been something of a bombshell that the candidate probably needed, remains unclear and, in retrospect, troubling to Democratic analysts who claim that the debate may have proven to be a turning point.

Beyond the issues, however, Mr. Mondale remains, after more than a year of campaigning, a private, enigmatic figure to his staff, reporters traveling with him and, above all, to many voters. Even his opponents concede that Mr. Mondale is a man of the most decent political impulses, that in his speeches especially before the labor and trade union constituency that he cares so deeply about he often rises to eloquence when he turns to what he sees as a lack of "fairness" in American life.

But the irony for Mr. Mondale is that many of the people he cares so deeply about don't seem to be responding. In Youngstown, Ohio, for example, Kevin Sheldon, a student at Youngstown State University, stood up the other day and told the candidate: "I realize you're concerned with the national debt. I've heard it several times. Your solution is to raise taxes. Well, I have a personal debt and I can't afford taxes being raised. My personal debt hits home before the national debt hits home. The national debt might affect me later in life but right now I have to put bread on the table." Mr. Sheldon said his family had little money, he lived on student loans and part-time jobs that paid about \$2,500, but he was concerned about taxes.

Who was he going to vote for, he was asked. "Reagan," he replied. "The working people like him."



Major News In Summary

How High Up Did Aquino's Murderers Go?

The assassination of the Philippine opposition leader Benigno S. Aquino Jr. in August, 1983, was the result of a military plot, an investigative panel concluded last week. But the panel disagreed on how high up in the hierarchy the conspiracy went. The result was more tension and uncertainty surrounding the much-contested rule of President Ferdinand E. Marcos, an ally of the United States.

The panel's chairman, Corazon Aquino, a retired judge, was alone in reporting that the plot was the work of Gen. Luther Custodio of the air force and six soldiers. The next day,

her four colleagues widened the plot to 26 persons, including Gen. Fabian C. Ver, chief of staff of the armed forces and a close friend and political associate of the President.

Even this was not enough for Mr. Marcos's opponents. "The moment you implicate Ver, you implicate the President," said Salvador H. Laurel, head of the United Nationalist Democratic Organization, which comprises the main opposition parties. The theory prevalent in these groups was that General Ver could not have acted without the knowledge and consent of Mr. Marcos and thousands of demonstrators gathered in central Manila to demand the President's resignation.

Mr. Marcos moved quickly to distance himself from the accused. He accepted General Ver's request for a temporary leave of absence, albeit

"with sadness," and sent the findings to a Government ombudsman, who will determine what charges will be laid before a special court.

The Reagan Administration, unwilling to abandon Mr. Marcos in the absence of a clear and acceptable alternative, nonetheless put pressure on him to insure justice was done. "We simply will not abide by a whitewash," a senior State Department official said. Some opposition leaders feared the cases could drag on for years. They resented President Reagan's suggestion in his debate last week with Walter F. Mondale that the alternative to Mr. Marcos was Communist rule.

Although split on assigning responsibility, the panel was unanimous in rejecting the military's account that a Communist-hired gunman shot Mr. Aquino as he emerged from an airliner after a three-year exile in the United States.

Trials Ordered in Attack on Pope

Mehmet Ali Agca's culpability in the 1981 shooting of Pope John Paul II was clear from the start. Not so his sometimes contradictory later assertions that he had Bulgarian and Turkish accomplices, one of whom also shot the Pope. Last week, after a two-year investigation, an Italian investigating magistrate ruled that Mr. Agca's allegations were sufficiently cogent to warrant testing in court.

Judge Ilario Martella ordered trials for three Bulgarians — Sergio Antunov, an airline official under house arrest in Rome; and two embassy aides who have returned to Bulgaria. Four Turks were also indicted — Omar Bagci and Musa Cerda Celebi, now in Italian prisons, Bekir Celebi, a reputed gang leader, said to be under surveillance in Bulgaria, and Oral Celik, whereabouts unknown, said to be the second gunman. Mr. Agca will also be tried, on

charges of illegally importing the gun he used.

The magistrate thus accepted the recommendation of State Prosecutor Antonio Albano. Mr. Albano had said he doubted that Bulgaria would have acted without Soviet approval. At the time of the shooting on May 13, 1981, the Communist countries were alarmed by the rise of the independent union, Solidarity, and its strong ties to the Polish Pope. Mr. Albano contended. He said they believed that assassinating the Pope would help curb Polish dissidents. Bulgaria and the Soviet Union have denied any connection with the shooting. Bulgaria called the trial order a "shameful provocation."

Mr. Antunov's lawyer, Giuseppe Consolo, attacked Mr. Agca's credibility. "Sixty to 70 percent of what he said he denied himself," Mr. Consolo said. "If he's a liar on 70 percent, he's a liar on everything."

Prosecutor Albano insisted that after checking "every statement by Agca, every circumstance he reported, every detail," the investigation found that Mr. Agca's "changes, discords, contradictions" were not "contingent to the judicially and perally relevant aspects" of the case.

China's profit motive

4

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The Nation

In 1985, No Need to Fear Bracket Creep

During Congress's debate over the 1981 tax law, advocates of indexing — adjusting the income tax tables to account for inflation — argued that it would protect taxpayers' spending power by preventing their being lifted into higher tax brackets by inflation. After enactment, President Reagan became one of indexing's most vocal boosters; Walter F. Mondale says he is "committed to the principle," with qualifications.

Last week, after the release of the Consumer Price Index for September, the Treasury said that next year for the first time the standard deduction, the personal exemption and the upper limit for each tax bracket will be raised by 4.1 percent to offset the effects of inflation. As a result, an average \$25,000-a-year, one-pay-check couple with two children will have an extra dollar a week to spend, officials calculated. In all, a Treasury spokesman said, taxpayers will save more than \$9 billion in 1985.

But for many Americans, any income tax advantage may be more than offset by an increase in Social Security taxes needed to help underwrite an automatic cost-of-living boost in 1985 benefits. Altogether, 37 million Social Security beneficiaries and 4 million low-income Supplemental Security Income recipients will get a 3.5 percent cost-of-living increase, starting in January. In turn, the payroll tax will rise. Employer and employee will each pay 7.05 percent, up from 6.7 percent this year. In addition, the maximum wage subject to the payroll tax will climb to \$39,600, from \$37,800 this year. Those who earn \$39,600 or more will be taxed \$2,791 in 1985, compared with \$2,532 in 1984.

The C.P.I. Cooperates

Last week's Consumer Price Index, the Government's most widely followed measure of inflation, amounted to another serving of good news for the Administration. The Labor Department reported that the index rose four-tenths of 1 percent last month and that in the 12 months through September the index rose 4.2 percent, a bit more inflation than in 1983 but a lot less than in 1980, when the yearly rate was 12.4 percent.

The White House embraced the figures as further evidence of the success of Mr. Reagan's policies. "Consumers can be confident," a White House spokesman said, "that their paychecks remain safe from inflation." Some other analysts said the low rate wasn't due so much to Mr. Reagan as to actions taken by the Federal Reserve Board to keep inflation in check and the extraordinary strength of the dollar, which has made imports cheaper and thus forced domestic producers to hold their prices down. Still other authorities cautioned that the inflation problem was far from solved, and that a return to outright price stability — which the President has barely mentioned — remained a distant goal. "Four percent isn't the end of inflation," said Phillip Cagan, a professor at Columbia University. "We've still got a long way to go."

On Friday, many big banks lowered their prime lending rate to 12 percent from 12.5 percent. Most of the institutions had sliced a quarter point off their rates earlier in the month, in a continuation of a gradual decline that began in September, when the prime rate was 13 percent.

A Chip Off the Deficit

Perhaps the best thing that could be said about the Government's fiscal year 1984 deficit — \$175.3 billion, the Treasury Department reported last week — was that it was \$20 billion below the 1983 record. Spokesmen for President Reagan, who early in his term said that the Government would be banking a \$300 million surplus by fiscal 1984, have predicted that the gap for the current fiscal year, which began Oct. 1, will equal last year's.

What's O.K. at The White House

Demonstrations in front of the White House may be tidier from now on, and less of an invitation to terrorist infiltration.

A Federal appeals court held last week that the National Park Service has the right to set housekeeping standards on the stretch of sidewalk that serves as a home away from home for protesters hoping to embarrass the President.

Reversing a lower court ruling that Federal attempts to keep order violated the free speech and assembly provisions of the First Amendment, a three-judge panel decided that the regulations met the test established by a series of Supreme Court decisions.

Restricting the time, place or manner of expression is permissible, the Supreme Court has held, providing that the restrictions are neutral with respect to the content of the expression; that they leave open adequate alternative channels for conveying the same information; and that they are narrowly tailored to serve a significant Government interest.

The appeals court held that "the security of the President and the esthetics of the White House view" justified regulations requiring that demonstrators carry smaller signs, refrain from leaning signs against the White House fence or leaving packages unattended on the sidewalk, and keep the signs moving when they are in the central 20 yards of the sidewalk.

Cleared for Faster Takeoffs

Starting this week, getting in and out of a half dozen of the nation's busiest airports might be a bit less frustrating. Under an agreement approved by the Civil Aeronautics Board last week, the airlines will make 1,300 schedule adjustments designed to reduce runway and boarding gate congestion, primarily in morning and evening rush hours.

Most of the changes are to last until April 1. By then, the Government hopes to have hired and trained enough new air traffic controllers and made other technical improvements to cope with the crush.

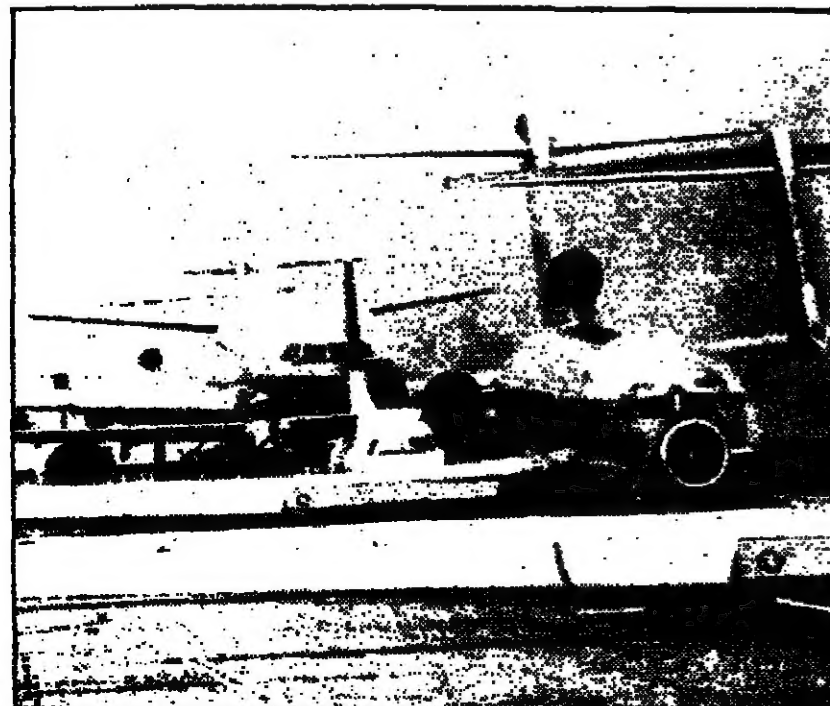
The agreement was struck in talks last month involving the airlines and the Federal Aviation Administration. Bad weather has been blamed for much of the congestion, but the F.A.A. said the carriers had scheduled too many peak-period flights. It threatened, deregulation or no, to impose controls of its own if the airlines didn't take steps to reduce the glut voluntarily.

At Newark, scene of some of the worst delays, nearly 100 flights a day will be scrapped or rescheduled. The other airports involved are LaGuardia and Kennedy in New York City and facilities serving Atlanta, Denver and Chicago. Those six are said to have accounted for about three-quarters of the delays nationwide of 15 minutes or longer.

Meanwhile, three carriers — United, Republic and Northwest — reported that while intense fare wars on some routes had cut into profits, their earnings in the third quarter were up. But Braniff, which for the past eight months has been attempting to fly its way out of bankruptcy, announced that it would ground two-thirds of its 30 airplanes, lay off hundreds of workers and, as of Nov. 5, serve no more than 10 cities from its Dallas hub.

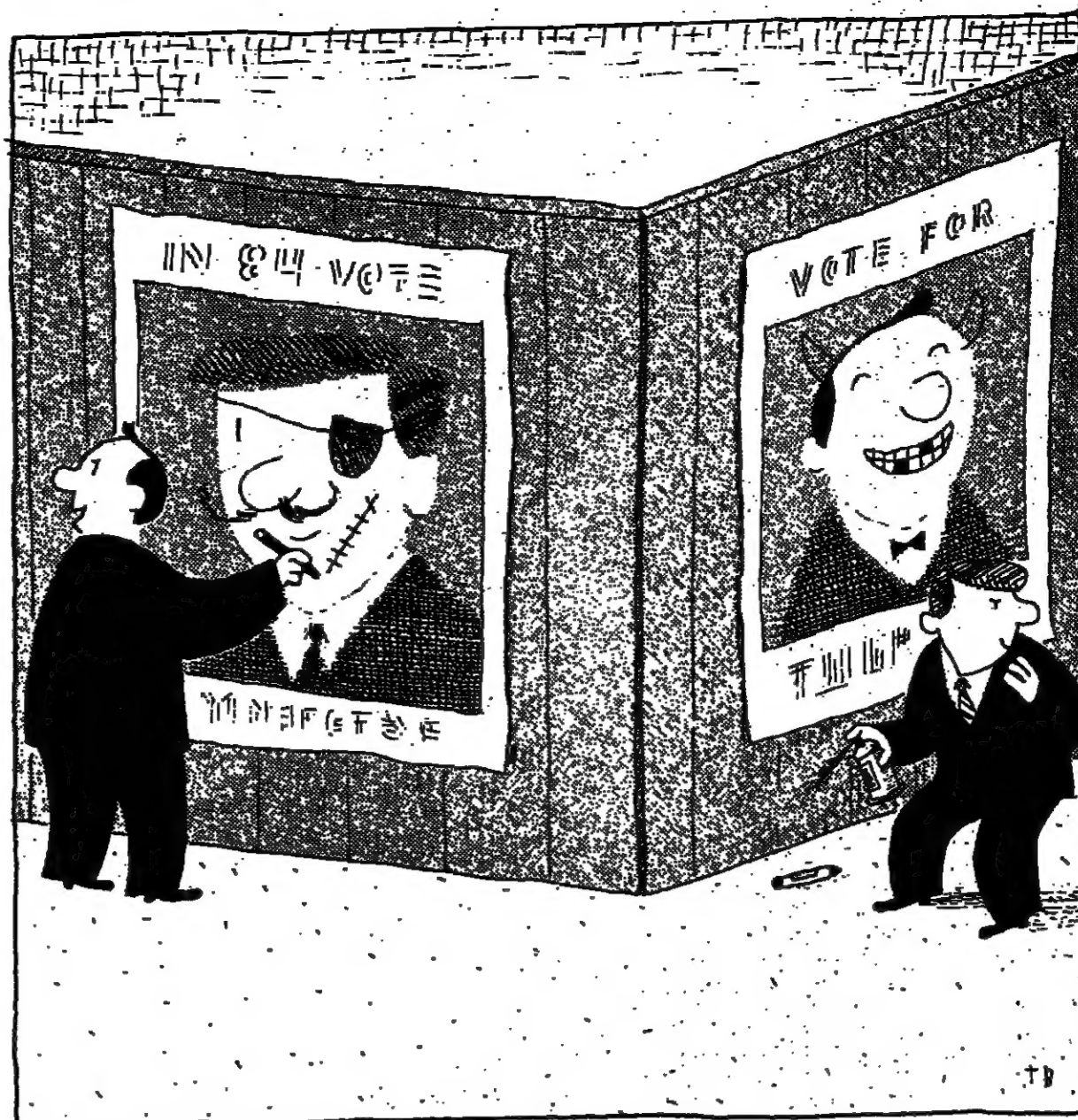
"We tried, we all tried," executives Jay Pritzker and Patrick Foley said in a letter read to their employees. Mr. Foley, Braniff vice chairman, said the line had logged more than \$80 million in losses in the first five months after reinstituting service.

Michael Wright
Caroline Rand Heron
and Carlyle Douglas



Planes waiting for takeoff at LaGuardia Airport.

'Negative' Campaigns Disturb Candidates, but They Work



Negative campaigning is used because it works. Its effects show up immediately in public opinion polls. The strategy is to make one's opponent the trouble of substantive thought. Some candidates privately argue that nobody cares about issues anyway, that confrontation is the key to making the evening news. Verbal political violence has become a strategy to attract the same viewers who are enthralled by violence in other television fare.

Curiously, incumbents as well as challengers have turned nasty this year. Senator Percy is one example; Senator Jepsen, also a Republican, is another. Senator Jepsen's early commercials described his opponent, Representative Tom Harkin, a Democrat, as a "liberal activist." That might sound tame in some quarters, but in conservative Iowa it is a fighting pejorative.

Tough But Effective

Negative campaigning also helped Representative Harkin overcome a nine-point deficit and gain a five-point lead. One Harkin commercial showed a hog snorting loudly while a voice intoned: "When two Iowa farmers drove a tractor to him about farm debt, Roger Jepsen fell asleep."

"That's pretty tough stuff," said David Yepsen, political editor of The Des Moines Register. "Iowans aren't used to it. People resent it."

But the polls showed that it worked. Similarly, in North Carolina, incumbent Republican Senator Jesse Helms overcame an early 20-point deficit by showing his opponent, Gov. Jim Hunt, in the company of noted liberals. The company Governor Hunt kept, Helms commercials repeatedly claimed, showed him up as a "free-spending liberal."

Governor Hunt, in turn, attempted to link Senator Helms to the Salvadoran death squads. Senator Helms had supported Roberto d'Aubuisson, the Salvadoran rightist who has been accused of directing death squads. Hunt commercials showed death-squad victims. The commercials helped him break a standoff.

"The trend is unmistakable," said Mitch Daniels, executive director of the Senate Republican Campaign Committee. "As people tested the limits of the old taboos, they found that the public is prepared to believe ill of public officials. If left unanswered, a negative ad can do great damage." Negative campaigning also simultaneously exploits and further lowers the already low regard in which politicians as a group are held. The candidates admit that, but say they have no choice.

"It's a question of whether or not you have a right to discuss your opponent's record," said Roger Ailes, who works for Republican candidates and prepared this year's strategy for both Senator Percy and Representative Phil Gramm, a Senate candidate in Texas. "The essential thing is that you have to be fair. The public has a sense of when you're out of bounds."

One man's honest criticism is, of course, another's slash and burn. A radio commercial that Mr. Ailes prepared for Representative Gramm exploited a male strip-show fund-raiser held for his Democratic opponent, State Senator Lloyd Doggett. "This commercial," the commercial said, "is about Texas, family values and Lloyd Doggett's male strip show." Mr. Doggett said the fund-raiser had been held without his knowledge — and in fact he had returned the funds.

For Some, Low Road Is the Only Way to Go

By MARTIN TOLCHIN

CHICAGO — The two contenders in the United States Senate race here have long been models of civility, with a penchant for modest understatement and political generosity. But this year, in a phenomenon seen in Senate races in several states, they have become prime exponents of the school of slash and burn.

Both Senator Charles H. Percy, a Republican seeking his fourth term, and Representative Paul Simon, a Democrat who seeks to unseat him, have abandoned civility. They exchange almost daily accusations of hypocrisy, distortion and downright lying.

Democrat Hopes for Split Tickets, Republican for Long Coattails

Sweating It Out in an Illinois District

By STEVEN V. ROBERTS

ROCK ISLAND, Ill. — With the Congressional elections only 10 days away, Ken Brock voiced a concern that worries dozens of Democratic candidates across the country: "There are only so many ticket-splitters in the world."

Mr. Brock is running the campaign of Representative Lane Evans, a freshman Democrat who is defending his seat against the spirited challenge of Republican Ken McMillan. There is little doubt that President Reagan will carry this district, which is anchored by the old Mississippi River towns of Rock Island and Moline and sweeps eastward into the rich farm country of central Illinois. The unanswered question is how many people will switch to the Democratic column — and to Mr. Evans — after voting for the President. How long, in short, are the President's coattails?

The Democratic incumbent is trying to encourage ticket-splitting with a new television commercial that started running last week. It features a prosperous-looking banker in a three-piece suit who describes himself as a Republican and tells the audience that he is backing Mr. Evans. In explaining his choice, he calls Mr. McMillan a "right-wing extremist." The point of the spot, said Mr. Brock, is to convince Reagan backers that "it's O.K. to vote for Lane Evans."

Mr. McMillan is trying to promote straight-ticket voting by convincing constituents that President Reagan needs more Republican Congressmen to support his plans during a second term. A new commercial that will start airing this week features Mr. McMillan meeting with the President. Laurie Sullivan, the candidate's spokesman, said the message is, "Ken can work with the President, not against him." Moreover, Vice President Bush will visit the district early this week as part of a stepped-up effort by the White House to sway Congressional contests.

The Democrats now enjoy a 99-seat margin in the House, and their control is not threatened. But if the Republicans can pick up between 20 and 25 seats, they might be able to form an alliance with conservative Southern Democrats and establish the sort of working majority that pushed through many of President Reagan's proposals during his first two years in office. Both parties agree that for the Republicans to make such gains they will have to win seats like the 17th District of Illinois.

But as the race enters the home stretch, the odds seem to favor the Democrat. For one thing, the economy here has yet to recover from the recession that helped elect Mr. Evans two years ago. This is the home of John Deere, the giant

maker of farm equipment, and the continuing slump in agriculture has forced Deere and other companies to lay off thousands of workers. As a crowning symbol of the district's decline, McCabe's, the largest department store in downtown Rock Island, announced recently that it would close after more than 100 years. "People are going to blame the Administration, and blame the Republicans," conceded Mr. McMillan. Moreover, Mr. Evans, a former legal services lawyer, has been "very shrewd and very skillful," according to Mr. McMillan, in using his office to serve constituents and contact voters. Lee Atwater, a Republican strategist in Washington, estimates that such service can add four to six "bonus points" to the vote totals of diligent incumbents. Mr. Evans, who is only 33 years old, has also played up his boyish "nice guy" image, and his managers say that he evokes the same kind of personal sympathy that serves Mr. Reagan so well. They joke that the President and the Congressman are both promoting a "cult of personality."

Finally, the first debate between Mr. Reagan and Walter F. Mondale energized Democrats throughout the district. "The Presidential race has tightened up dramatically here," said James Winship, a professor of political science at Augustana College. "It's remarkable how much that debate did for the Democrats' spirits."

The second debate, however, seemed to deflate those spirits a bit. Mr. McMillan says there were a lot of "relieved Republicans" around here afterward, and his aides insist that Mr. Reagan is doing better in their latest polls. Accordingly, the Republican has decided to

Last of a series of reports from an Illinois Congressional district

tie himself more closely to the national ticket in the closing days of the campaign. And he says he is receiving a last-minute infusion of cash from business-oriented political action committees. Being an incumbent also has disadvantages,



Representative Lane Evans (left) and Ken McMillan at a debate in Princeton, Ill., last week.

and one thing the Republican challenger will do with that cash is broadcast a commercial attacking Mr. Evans for voting against a bill last year that restructured the Social Security system. Mr. Brock admits that the advertisement landed a damaging "body blow," particularly since Mr. Evans campaigned heavily in 1982 on the Social Security issue. Another commercial calls Mr. Evans a "big spender" and cites his vote against an amendment that would have eliminated elevator operators in the Capitol.

If Mr. McMillan can portray Mr. Evans as a profligate Democrat and turn the race into a referendum on Mr. Reagan's Presidency, he has a chance to win. But if Mr. Evans succeeds in severing the race from the Presidential contest and gets the voters to judge him as a separate individual, he is likely to return to Washington.

The World

Weakened OPEC Fights to Hold The Price Line

OPEC oil ministers did their best last week to persuade outsiders and each other that a general drop in oil prices could still be averted. Industry analysts were skeptical, however. Reflecting the downward pressure, Canada said it was cutting the price of light crude oil exported to the United States by \$1.33 per barrel. And Mobil Oil Corporation contributed "one more domino," as an expert described it. Mobil, a major factor in the market, said that in view of a pattern of discounting, it was cutting 75 cents from the price it pays at the refinery for much of its American domestic crude oil.

"There will be no price change," Saudi Arabia's Sheikh Ahmed Zaki Yamani vowed after meeting in Geneva with ministers of seven other oil-producing countries. "We decided to restore the price of oil by cutting production."

But Tam David-West, oil minister of Nigeria, the OPEC member that broke ranks last week, stayed home. An OPEC delegation thereupon flew to Lagos to see Mr. David-West. Sheikh Yamani was confident that Nigeria would rescind the \$2 cut it announced to meet competition from North Sea producers. Nigerian sources insisted, however, that "no immediate change" was planned.

The OPEC travelers then flew to Norway, a relatively minor oil exporter, where officials said they would rescind price cuts if Norway's main competitors, Nigeria and Britain, did the same.

At an emergency meeting in



The Saudi Oil Minister, Sheikh Ahmed Zaki Yamani, in Geneva last week.

Geneva tomorrow, all 13 members of the Organization of Petroleum Exporting Countries will battle over how to redeem Sheikh Yamani's pledge. Reducing the oversupply and bolstering prices would mean assigning production quotas — an exercise in sacrificing revenues.

Even if they reach agreement, OPEC's ability to call the tune is greatly diminished, industry analysts said. Since 1978, they added, OPEC production has dropped by more than 40 percent while countries outside the cartel — notably Norway, Britain, India, Malaysia, Mexico and Egypt — have doubled their output. The Mexicans and Egyptians gave OPEC some encouragement by indicating they were ready to cut back.

South Africa Sends in Army

South Africa's 22 million blacks may be "on their way to freedom," as the Nobel Peace Prize winner, Bishop Desmond Tutu proclaims, but last week that destination still seemed out of sight. Cracking down after sabotage and rioting that have left more than 80 blacks dead, the white-dominated Government sent the army into three black townships near Johannesburg.

Seven thousand troops and police officers conducted house-to-house searches that started before dawn, arresting 358 people, most of them on charges of not having the passes required for entering white areas. Others were accused of possessing unlicensed guns, marijuana or pornographic literature.

Rioting began early last month to protest rent increases, the quality of black schools and the new Constitution, which provides limited roles in Government for Indians and mixed-race people and none for the black majority. Louis Le Grange, the Law and Order Minister, said the raids were launched to "rid the area of criminal and revolutionary elements." Black leaders, church groups and the white opposition Progressive Federal Party condemned the crackdown, which seemed, analysts said, an attempt to intimidate blacks and reassure whites.

Sebokeng, Sharpeville and Boipatong townships were cordoned off and residents were required to wear badges and to get their hands stamped with ink identification marks before leaving for work.

The State Department, saying the United States "deeply regrets" the actions, called on South Africa to begin talks with nonwhites on political participation by all races.

The United Nations Security Council condemned recent arrests and detentions in South Africa. The vote was 14 to 0, with the United States abstaining. Jeanne J. Kirkpatrick, the United States representative, said Washington "abhorred" apartheid but found "excesses of language" in the Council's call for an immediate end to the system.

Sandinistas Get More Rebuffs

Things got a bit lonelier for the Nicaraguan Sandinistas last week as another opposition candidate dropped out of the election next Sunday and the Roman Catholic Church renewed its attacks.

The revolutionary leadership is seeking to legitimize its hold on power and improve its standing abroad through the election of a president and assembly. But after the refusal of Arturo José Cruz, the major opposition figure, to participate in what he considers an unfair election, another opponent changed his mind about running. Virgilio Godoy Reyes of the Independent Liberal Party had, like Mr. Cruz, sought to postpone the vote but when the Sandinistas refused, he left the race. There remained only five small parties, three of them Marxist-Leninist, to contest the Sandinistas.

Bishop Pablo Antonio Vega, head of the Nicaraguan Conference of Bishops, strengthened the opposition by issuing the strongest criticism of the Government by a church source in six months. His statement, which was said to have the support of the leader of the Nicaraguan church, Archbishop Miguel Obando y Bravo, accused the Sandinistas of lack of sincerity in seeking peace and of imposing "new repressions."

About the only source of comfort for the Sandinistas was the continuing controversy in Washington over a C.I.A. manual on guerrilla warfare. In his debate with Walter Mondale last Sunday, President Reagan said advice to Nicaraguan rebels on "neutralizing" Government officials had been excised from the manuals except for 12 copies. C.I.A. officials told two Senators that all copies contained passages on neutralization, a term taken to mean assassination. (Agency under fire in Congress, page 4.) The Nicaraguan Government formally protested both against the manual and what it said was Washington's attempt to sabotage the election by persuading political groups not to take part.

Terrorism on Their Minds

Eighty years of entente cordiale between Britain and France have not passed entirely unmarked. Last week, in the course of celebrating the anniversary with a state visit by President François Mitterrand to London, an uncorial moment testified both to the centuries of distrust between "perfidious Albion" and the "frogs" and to the unusual state of nervousness that terrorism has lately instilled in world leaders.

Among Mr. Mitterrand's French bodyguards was a particularly zealous one who, the outraged British said, planted explosives (without a detonator) at the residence of French Ambassador Emmanuel de Margerie, apparently to test the efficiency of Scotland Yard.

Fresh from her brush with a lethal I.R.A. bomb in Brighton, Prime Minister Margaret Thatcher was not amused. "A most regrettable incident," she huffed in Parliament. Anthony Beaumont-Dark, a Tory member, said "it was the most insensitive act ever perpetrated by a so-called ally" and Eldon Griffiths, another member, called it worthy of Inspector Clouseau. French sources asserted that the explosive had been placed at the request of the British who wanted to test their sniffer dogs. Both the embassy and Mr. Mitterrand sought to present the incident as unimportant in the larger scheme of French-British friendship.

The theme of terrorism was also addressed by Secretary of State George P. Shultz last week, amid confusion over Administration policy. In a Manhattan synagogue, he urged an end to Hamlet-like "equivocation" toward terrorists and called for the use of military force even if it might lead to the death of American servicemen or innocent civilians.

Some Administration officials said Mr. Shultz was speaking only for himself but White House and State Department spokesmen insisted he was stating policy. At one campaign stop, President Reagan said it was policy and at another, said Mr. Shultz was talking about things "under consideration." Vice President Bush disagreed with the Secretary. Counterterrorist moves have to be "pinpointed," he said, adding, "We are not going to go out and bomb innocent civilians."

Henry Gintger
and Milt Freudenheim

Fighting Intensifies as Duarte Gets Support for Further Talks



Salvadoran soldiers carrying coffin of Maj. Armando Armitia, commander of the Atlacatl Battalion, who was killed in helicopter crash last week along with Lieut. Col. Domingo Monterrosa.

Salvador Seems Headed For Long Test of Strength

By JAMES LeMOYNE

SAN SALVADOR — Peace for short-term Salvadoran last week. The army's top combat commander died in a helicopter crash during a sweep of a rebel-held province. The guerrillas sabotaged electrical facilities, killing 12 soldiers in one pre-dawn attack. Gunmen in the capital assassinated a Salvadoran security guard employed at the United States Embassy.

The shift to war-as-usual, two weeks after President José Napoleón Duarte held his dramatic meeting with rebel leaders in the northern Salvadoran town of La Palma, underlined the distance that divides the two sides after five years of conflict. By the week's end, the rebels and the Government appeared ready to talk and fight at the same time in a contest of their political resolve and their military strength.

Mr. Duarte prepared for a rough period ahead

by taking careful political soundings among senior army officers and powerful private businessmen. He found support for continued meetings with the rebels, but within strict limits defined by the Constitution and the electoral process.

Guerrilla leaders met in Panama, Nicaragua and Mexico to plan their next moves. Guillermo Ungo, president of the Democratic Revolutionary Front, has said the rebels would call for the creation of a "national forum" involving "all social sectors" to discuss the problems facing the country. But few other details of the left's position were made public, although a rebel position paper released after the La Palma talks rejected Mr. Duarte's past calls for the leftists to put down their guns and participate in elections.

As politicians talked, the war continued. Lieut. Col. Domingo Monterrosa, the army's top combat commander, launched a helicopter assault against rebel forces 10 days ago, telling reporters, "There are times when you have to make

war to gain peace." Five days later he was dead, the victim of a helicopter crash that rebel radio broadcasts said was caused by guerrilla gunners.

President Duarte denied the rebels' claim, calling the crash an accident. He accused them of seeking a "tactical dialogue" while trying "to destroy the possibility of peace." Mr. Ungo replied that Colonel Monterrosa's death was a consequence of the Government's decision to pursue the war and expressed concern that rightists would use the incident to block further talks. Mr. Duarte also did not rule out an effort by the right to undermine his peace efforts.

But good reasons remained for both sides to stick to their promise to sit down again in the second half of November. Each knows that there is almost no popular support for the war and Mr. Duarte, who must deal with a shattered economy, wants to satisfy his liberal supporters by trying to negotiate an end to the fighting. He can also try to drive a wedge between more and less flexible factions of the many-level rebel opposition. Finally, he stands to gain further international support by offering a democratic alternative to continued war.

The Limits on Agreement

For the guerrillas, who are not regarded as getting any stronger politically or militarily, the talks offer de facto recognition by a Salvadoran government that officially characterizes them as terrorists. They also stand to regain a voice in domestic politics, much of which they lost when they were more or less driven out of the cities four years ago. There are also practical concerns that push each side toward the bargaining table, including a general amnesty, a total or partial cease-fire, an end to economic sabotage, ways of "humanizing" the war and limited but significant political gestures such as lifting the current state of siege and opening the media to rebel spokesmen. For the moment, Mr. Duarte seems to have little interest in a cease-fire that would simply give the rebels time to regain an initiative they appear to have lost. But he has indicated that a truce could be a future topic.

Real limits remain, however, on what either side can offer. The army high command and private businessmen are unlikely to grant the rebels any more than a chance to participate in elections. "We have tremendous distrust of what may happen," said Johnny Maldonado, the head of the National Private Enterprise Association. "The limit is elections. Let them come and prove at the polls how strong they are." For their part, the rebels seemed unlikely to abandon a long military struggle for the uncertain promise of the ballot box alone.

Mr. Duarte has already begun the search for a constitutional means to reach out to the rebels. In an interview last week he said, "Democracy is not only elections," and added that he was forming an "advisory commission" of business, labor, peasant, church, university and political leaders to discuss his peace initiative.

It is not clear how the group will operate, but it appears possible that it could serve more than one purpose. It could be a shield that deflects critics by including them in the process Mr. Duarte has started. Later, the commission could be expanded to include rebel delegates, creating a form of the "national forum" demanded by the guerrillas.

Despite the obstacles to peace, important ground has already been gained. In a land where those who proposed talking instead of fighting were more often shot than listened to, the La Palma meeting has created political space for a debate that for the first time includes both the possibility of new elections and the offer of continuing direct talks with the rebels. "This is a type of advance," Ignacio Ellacuría, rector of the Jesuit-run Central American University, said. "Duarte broke a giant taboo."

What lies ahead is the cold work of determining the real balance of power in a game of political bluff backed by armed might. Agreement will not be easy as Government and rebels test each other to find what they are ultimately willing and able to concede for the sake of peace.

Senate Hearings This Week Asking Who Ordered Assassin's Primer

C.I.A., Too, May Be Hurt in Nicaragua

By PHILIP TAUBMAN

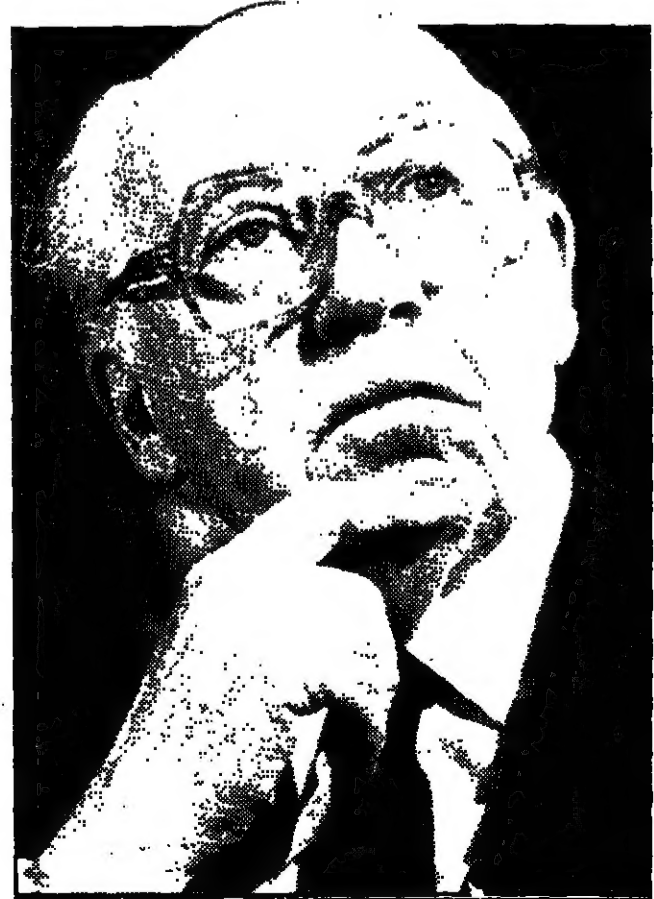
WASHINGTON — The Central Intelligence Agency's three-year association with Nicaraguan rebels has turned into a nightmare for many officials at the agency. With indications last week that middle-level intelligence aides in Washington may have approved a C.I.A. manual instructing guerrillas in the "neutralizing" of Nicaraguan Government officials, the agency seemed precariously close to losing its bipartisan support in Congress. "The handling of the manual, the conduct of the whole covert program against Nicaragua, raise very serious questions about the credibility and ability of the agency," said Senator Patrick J. Leahy, a Vermont Democrat and member of the Select Committee on Intelligence. "The seriousness of this goes way beyond the question of the manual."

Veterans of the mid-1970's, when Congressional investigations produced a drumfire of revelations of abuses, were reminded of Senator Frank Church's declaration at the time that the C.I.A. was "a rogue elephant on a rampage." Stansfield Turner, President Carter's Director of Central Intelligence, last week spoke for many former colleagues concerned lest Nicaragua provoke a new uproar that "can only damage the agency's ability to function effectively."

President Reagan, in his television debate with Walter F. Mondale last Sunday, said C.I.A. officials in Central America and Washington had edited the primer before it was printed, deleting material that violated United States policy prohibiting assassination. Only 12 copies escaped the editing process "some way or other," the President said. Next day, the C.I.A. informed Senate intelligence committee members that advice about "neutralizing" Nicaraguan leaders had not been removed during editing; Mr. Reagan had misspoken, White House officials said.

As investigations got under way in Congress, the White House and inside the agency, Administration officials said the document had been approved by middle-level C.I.A. officials. "Whoever was involved ought to be fired," said Robert C. McFarlane, the White House national security adviser. The Congressional intelligence committees expanded their investigations to examine whether the C.I.A. had indeed planned or helped carry out assassinations. The Senate panel's hearings will begin this week.

The manual and its advocacy of kidnapping



William J. Casey, Director of Central Intelligence

and killing would have caused difficulties at any time. But coming only seven months after the disclosure that the C.I.A. had mined Nicaraguan harbors, it produced allegations that the agency was reverting to illegal behavior. Defenders insisted that the agency and William J. Casey, the Director of Central Intelligence, did only what the White House had approved. The C.I.A., a Casey aide stressed, "carries out policy made by others." Said Senator Barry M. Goldwater, Republican of Arizona, the intelligence committee chairman: "There's a war going on in Central America and it's a damn important one to the United States. I'm not so sure there's anything

wrong with a manual like this." Aid for the rebels, including mining, was approved by President Reagan and endorsed by senior policymakers. But no one at the White House knew about the manual until it was made public, aides insisted last week.

The disclosures touched off debate about Mr. Casey's leadership. "I have some very serious doubts about the management of covert activities and of contract employees," said Senator Sam Nunn, Democrat of Georgia, an intelligence committee member. Many C.I.A. employees in Nicaragua, including the guerrilla-warfare expert who wrote the manual, were military veterans or retired agents hired on contract in 1982 and 1983, intelligence officials said. Many of them were trained in an earlier era, predating the Presidential ban on C.I.A. assassinations.

The Nicaragua operation took less than 1 percent of the agency's budget until Congress deleted funds for it this year, but it has dominated discussion, damaging the C.I.A.'s reputation. "The campaign against Nicaragua has overshadowed everything else, even the good things that Casey has done in building up the agency's resources," a former intelligence official said. "The Nicaragua operation has struck a strong blow against the bipartisan coalition in Congress that has supported major budget increases for the C.I.A. in recent years," Senator Leahy warned.

Like the 1970's reports that the C.I.A. plotted with Mafia chiefs to kill Fidel Castro, conducted drug experiments on unwitting people and spied illegally on Americans who opposed the Vietnam War, the Nicaragua operation has produced bitter divisions inside the agency. Mr. Casey and some aides have favored the program. But many senior and middle-level officials throughout the C.I.A. have opposed it, fearing exactly the loss of Congressional support now threatened by the furor over the manual. Somewhat ruefully, several intelligence officials recalled that when Mr. Casey took charge of the C.I.A. in 1981, he said one of his main goals would be to keep the agency out of the news.

Peking's New Road, Moscow's Old Problems

Deng's Goals For China: Pragmatism And Profits

By CHRISTOPHER S. WREN

WITH his drab attire, diminutive stature and raspy Sichuanese peasant accent, Deng Xiaoping would not be a politician to shine in American-style television politics. Yet Mr. Deng, who turned 80 years old in August, has attracted world attention by his attempts to shift China's course without the violence and upheaval that have too often heralded change here.

His latest stroke, at last weekend's party plenum, augurs nothing less than the transformation of the urban economy. In perhaps the boldest experiment ever attempted by a major Communist country, central planning will be curtailed, a million state-run enterprises cast loose to compete for survival in the marketplace and extensive price subsidies gradually reduced. It was the second wave of reforms since Mr. Deng twice worked his way back from disgrace under Chairman Mao for having advocated the sort of thing that he has been doing since December 1978, when he introduced a rural system that encouraged peasants to get rich by working harder.

The inevitable question is how Mr. Deng could get away with scrapping mindless adherence to Chairman Mao's quotations in favor of today's maxim: "Practice is the sole criterion of truth." To start with, practicality is historically more characteristic of the Chinese than the dogmatic fanaticism of Maoism. And Mr. Deng has made pragmatism respectable again by playing his hand with canny caution.

Summing up his vision, he told the 12th party congress in September 1982 to integrate the universal truth of Marxism with China's concrete realities and to build socialism with Chinese characteristics. "It doesn't matter whether a cat is black or white," he likes to say, "so long as it catches the mice."

He has paid lip service to the sacred cows of Marxism-Leninism and Mao Zedong thought even while packing the theology with capitalist heresies. The decision approved last weekend incorporated quotations from Lenin and Mao, whose writings are so voluminous as to justify almost anything. China's ideology has become whatever Mr. Deng needs it to be. This courage to tinker, to yoke Marxism to Chinese conditions has provided options evidently unavailable under the stagnant dogmatism that fetters the Soviet leadership. China is freer to experiment because each new rejection of the Soviet model reinforces the notion of a uniquely Chinese system.

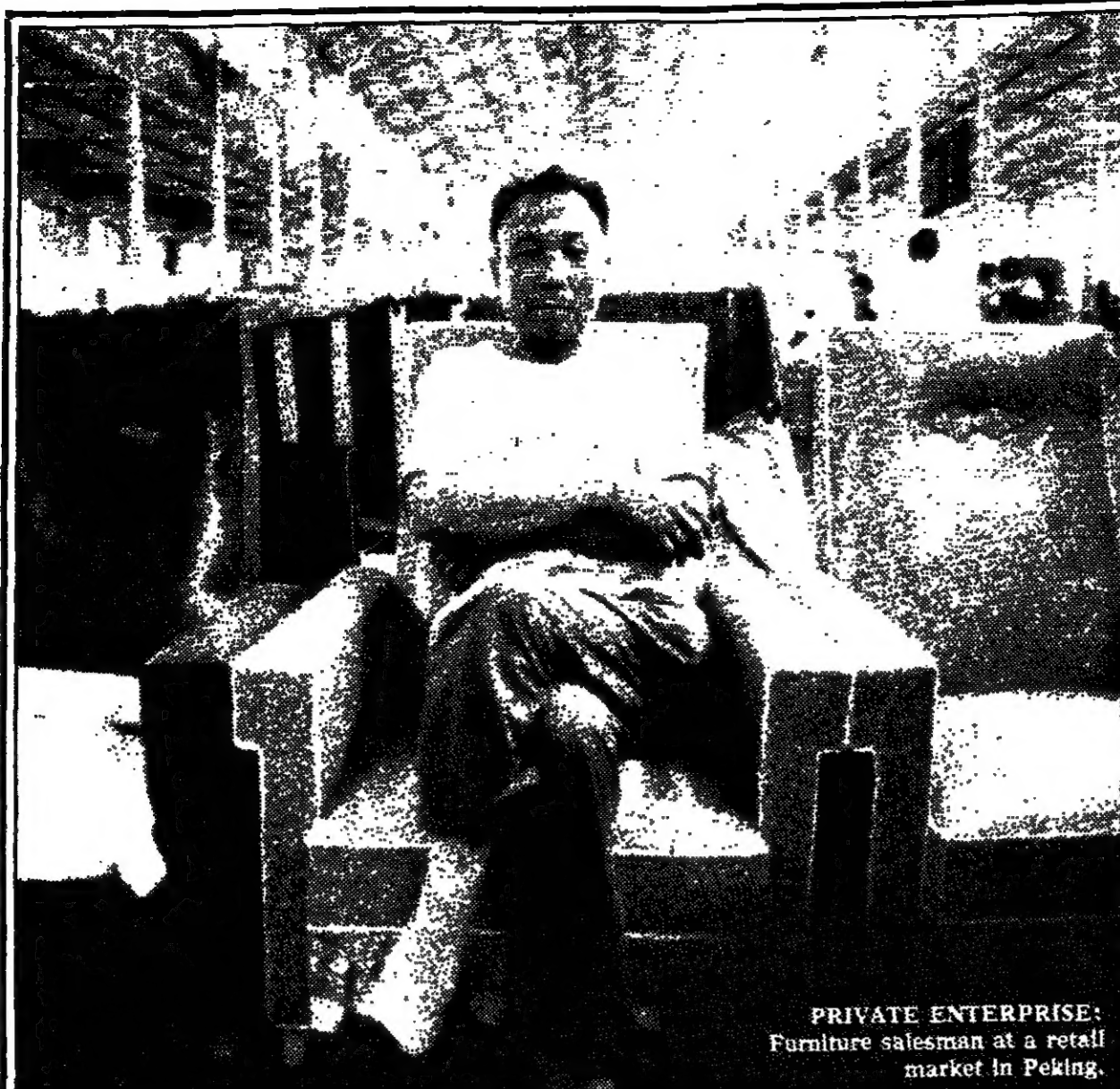
Pravda, the Soviet party newspaper, criticized the latest changes last week.

Mr. Deng has presented the changes as insurance that the stability and prosperity of his era will continue. He has appealed to the horror of disorder that most Chinese nurture in the wake of the economic and social shambles produced by Mao's chaotic Cultural Revolution. The disagreements now involve how best to put these traumatic years behind, not how to bring them back. "Everyone agrees that there should be changes, but there are differences over how to achieve them," a Chinese journalist said. "Some comrades are more cautious than others."

Constituents for Change

The extent of opposition to Mr. Deng's policies is barely fathomed outside the closed circles of party and Government leadership. The Chinese are reluctant to air family problems in front of outsiders. The plenary session that endorsed the latest changes met for nearly a week without a word about it in the Chinese press, a precaution that seems excessive for a party that has ruled unchallenged for 35 years. Presumably, ultra-leftists do not like to see Maoist ideology melting away, xenophobes do not want China exposed to Western investment and some military commanders are disgruntled about the low priority given the armed forces in the modernization drive.

However, Mr. Deng's success with agriculture has made him immensely popular with 800 million peasants whose profits have enlivened the countryside. The new urban changes may find their own constituency among younger, better-educated Chinese, particularly technocrats, who think China should catch up with the rest of



PRIVATE ENTERPRISE: Furniture salesman at a retail market in Peking.



Clock repairman on a street in Tianjin, China.

the world despite risks of inflation or unemployment. "The best guarantee of the reform process continuing is that each reform has created tremendous vested interests," a Western diplomat said.

Mr. Deng has set out to isolate critics with a three-year party "consolidation" drive ostensibly aimed at weeding out radical or corrupt party members. In fact, it encourages everyone to embrace the new line. The bible has been Mr. Deng's collected speeches, which omit some inconsistencies of his earlier years under Chairman Mao by going back only to 1975. Also, Mr. Deng's name does not appear in the 16,000 Chinese characters of the document on future changes. He has assumed the role of elder statesman, disarming visitors with self-deprecatory quips about his deafness and advancing years. These displays of modesty have made him a difficult tar-

get, although his mark is stamped on all the changes since 1978. His low-profile style also helped him to outlast his leftist enemies when he was purged.

After Hua Guofeng assumed Mao's mantle in 1976, Mr. Deng, who had yet to be rehabilitated, pledged fealty, apologized for his own errors and hailed Mr. Hua as "politically and ideologically the best suitable successor to Chairman Mao." In less than five years of such groveling, Mr. Deng gathered enough support to dump Mr. Hua as both Government and party leader. Shrewdly declining the jobs himself, he promoted his protégés, Zhao Ziyang to Prime Minister and Hu Yaobang to party secretary. Now Hua Guofeng is in disgrace while Mr. Deng pulls the strings from behind the curtain. His resilience has been the best revenge.

A Watershed for Bonn?

Flick's Gifts Begin to Take Their Toll on Kohl's Party

By JAMES M. MARKHAM

BONN — Like Watergate, the Flick scandal — which takes its snappy name from West Germany's biggest holding company — emerges in riveting installments. Leaked to the press every few weeks, revelations about Flick's political payoffs beamirch new names and claim new victims, edging ever closer to the center of power. And, like the scandal that dragged Richard Nixon down, the Flick affair appears to be having a profoundly corrosive effect, breeding distrust and contempt among the public for those who hold high office. In West Germany's sometimes brittle democracy, where the party system is in slow-motion upheaval, the imaginable fallout from the biggest scandal in its history makes people nervous.

Last week, it was the turn of the mellifluous, silver-haired Rainer Barzel, who resigned as Speaker of the Bundestag. In 1972, Mr. Barzel missed by two votes the chance to become Chancellor at the age of 48. His friends say that Mr. Barzel is a tragic figure, driven by electoral defeat into the political wilderness at a young age, and stricken by the suicide of his daughter and the sudden death of his first wife.

But an unsentimental press and public were more interested in how Mr. Barzel could account for more than a half million dollars that Flick is said to have passed to him in the 1970's via a Frankfurt law firm. Documents subpoenaed from Flick suggested that the money was aimed at smoothing Mr. Barzel's departure from the leadership of the Christian Democratic party, paving the way for a promising politician named Helmut Kohl. Flick evidently reckoned that Mr. Kohl would have a better chance of bringing a friendly, conservative government to power in Bonn.

Over the last two years, Economics Minister Otto Lambdorff strenuously denied having accepted bribes from Flick in return for lucrative tax waivers, but the Free Democratic politician was finally forced to resign in June, just before being formally indicted. Mr. Barzel's defense was shorter-lived. Pleading "unbearable" psychological and political pressure, he quit the day after indignantly denying the accusations.

It may be thin consolation for Mr. Barzel, but he is not alone among Bonn politicians who have not always thought it necessary to make overly fine distinctions between public service and private gain. Earlier this month, Jürgen Möllemann, a minister of state in the Foreign Office, withdrew as the Free Democrats' standard-bearer for a crucial state election next May in North Rhine Westphalia. The weekly Der Spiegel had accumulated damning evidence that Mr. Möllemann had guided state business to a public relations firm in which he holds an interest. Another scandal-in-waiting hovers over the Postal Minister, Christian Schwarz-Schilling, who is pushing cable television in West Germany. His wife runs a cable components business in West Berlin.

The Flick empire has a long tradition of buying political influence. Its founder, Friedrich Flick, bankrolled the Nazis as they rose to power under the faltering Weimar Republic. Explaining his payoffs to the Nazis at the post-war Nuremberg war crimes tribunal, Mr. Flick voiced a philosophy that survived him: "I was of the opinion necessarily that a political insurance would not do me any harm." In 1961, Government investigators raided Flick's Düsseldorf headquarters and seized some 250 books and files that fastidiously recorded the recipients of political



Rainer Barzel

Katherine Young/Sven Simon

donations that, according to one tabulation, topped \$8.3 million in the years 1969-80. This Flick largesse covered bets across the political spectrum, but tilted in generosity to the out-of-power Christian Democrats.

Chancellor Helmut Kohl, who reportedly figures on Flick's lists along with other powers in the Bonn political establishment, contended last week that politicians accepted corporate donations in past years "with a good conscience" to finance their parties. And, indeed, political contributions are not themselves illegal, if straightforwardly declared and not intended to suborn their recipients. The problem with the Flick and numerous other corporate donations is that they have created the impression that Bonn's politicians have been up for sale.

The main beneficiary of the Flick scandal has been the five-year-old Greens party, which made it into the Bundestag last year and may some day make it into government. Declaring themselves champions of the aggrieved ordinary citizen, the anti-NATO, ecology-minded Greens stand to reap further political gains in a string of important state elections next spring. The party's core is made up of young Germans, who are most susceptible to the argument that old pols can't be trusted.

The Greens' rise has been the nemesis of the Free Democrats, junior partners in the governing coalition, who are fighting for their political survival. The possible death of the Free Democrats makes the 1987 general elections loom as a watershed in West German politics. If the Flick scandal hastened the Free Democrats' demise — while further eroding the image of the Kohl Government — a national coalition between the leftward-leaning Social Democrats and the Greens would not be unthinkable in three years' time.

The Soviet Farm Still Produces Shortages

By SERGE SCHMEMMANN

AT a special meeting of the Central Committee last week, Konstantin U. Chernenko read out an impressive array of agricultural achievements. Output of milk has been growing by 7.4 million tons a year, of meat by 1.4 million tons, of eggs by 4.6 billion. Farmers have more televisions. The flow of people to the cities has slackened.

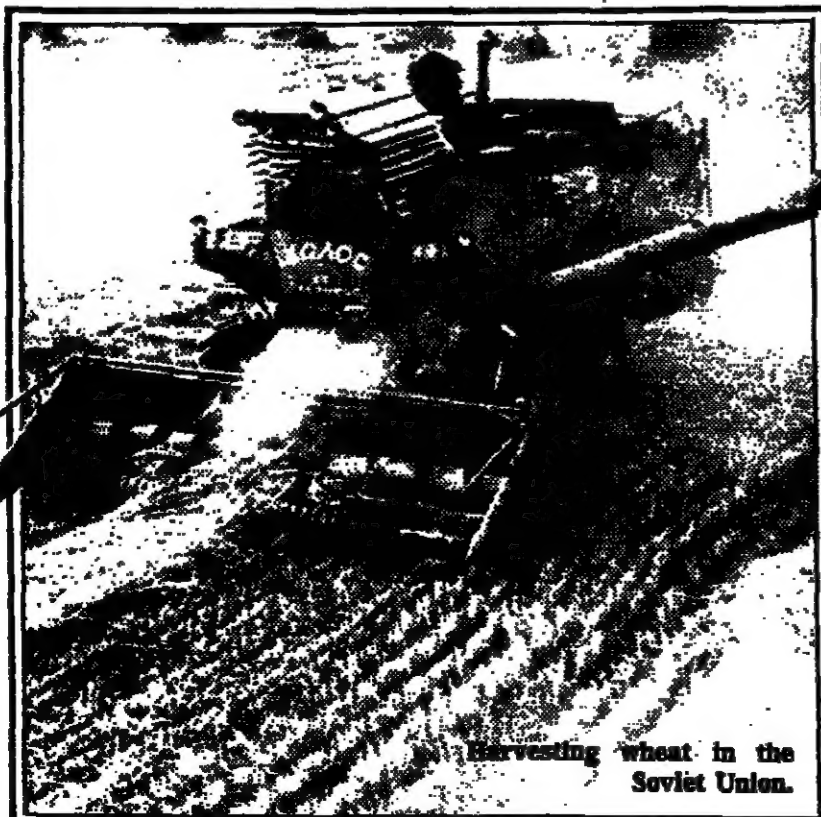
But as Nikita S. Khrushchev once put it, "You can't make pancakes out of statistics." The more pressing reason for Mr. Chernenko's speech was buried deep. This year's harvest, he acknowledged, has suffered "a substantial shortfall," and supplies of fodder are "strained." The result, unmentioned but evident to all present, would be another year of hard-currency purchases abroad. Much of the grain would come from the United States, the principal target of Moscow's invective these days, and which not so long ago was boycotting grain sales to the Soviet Union.

Mr. Chernenko's solution, his first public stab at the sore subject of agriculture since he took office almost nine months ago, followed classic Bolshevik thinking. Rather than focusing on decentralization, managerial restructuring, pricing reforms or the other changes that Western experts believe to be the keys to increased productivity, Mr. Chernenko opted for the big scheme — increasing the area of drained and irrigated lands by half by the year 2000.

The idea was not new — land reclamation has been central to Soviet agricultural policy since World War II. The major scheme, which goes back to Czarist times, would divert water from the frigid but copiously endowed north to the sunny, populous but parched south.

Many economists contest the "maximum effects" that Mr. Chernenko predicted, arguing that cultivating marginal lands is more costly and less productive than repairing existing irrigation systems and seeking more productivity from existing farmlands.

Soviet farm production already absorbs about a quarter of the labor force, compared to less than 5 percent in the United States. And Soviet agriculture probably ranks as the most heavily subsidized in the world. The scheme has also come under sharp attack from environmentalists and from nationalists who see it as a blow



Harvesting wheat in the Soviet Union.

to the northern cradle of their civilization.

On the European side of the Ural Mountains the plan is relatively modest, and some work has already begun. On the Siberian side the scheme is staggering. It entails digging a canal more than 1,500 miles long to channel water to Central Asia and southern Siberia.

Possibly because of the controversy, Mr. Chernenko made no direct mention of the scheme. The only reference was a passage buried in Premier Nikolai A. Tikhonov's long report on land reclamation. But Mr. Chernenko did try to imbue his speech with all the force he could muster. He called his program a "decisive factor for further developing agriculture" and urged "strict

control" to realize the plan.

Yet it all seemed to have a tired air about it. Those with long memories recalled Khrushchev's pledges to outstrip the United States in food production by 1980, or the "virgin lands" campaign for which he mobilized thousands of youths to plough up the steppes of Kazakhstan. Khrushchev's successors channeled enormous investments into agriculture, and in May 1983 Leonid I. Brezhnev launched a crash food program with promises of yet more investments and some decentralization.

The programs have produced more grain and meat, as Mr. Chernenko's statistics show. But the demands of a rapidly urbanizing population with ever-growing incomes have far outstripped the capacity of Soviet agriculture to satisfy them. The shortages have remained the greatest challenge to the credibility and legitimacy of the Soviet system.

The Troubling Economics of Oil

Economy

OPEC faces a sea of problems as prices fall. If the drop is too sharp, that could spell crisis — and not just for producers.

By DOUGLAS MARTIN

KUWAITI sheiks, Saudi princes and Nigerian bureaucrats live mainly on hope these days — the hope that oil production will fall everywhere but in the Organization of Petroleum Exporting Countries. And in fact there is substantial evidence that this is slowly happening.

Their hope also is that the rate of energy conservation will slow in the industrial nations and that the substitution of coal, nuclear power and natural gas for oil will reach its limits — and these trends are already evident. Their ultimate hope, of course, is that prices will rise.

Simply put, these hopes and dreams are OPEC's strategy. The 13 OPEC members hold most of the world's oil reserves; theirs is by far the cheapest to produce, and they are biding their time until the non-OPEC countries run out of crude, putting OPEC once again in the driver's seat.

But while they wait, ample supplies are available elsewhere and that will be the case "until the early 1990's," says James Schlesinger, former Secretary of Energy. Adds John H. Lichtblau, president of the Petroleum Industry Research Foundation: "All the pressure on oil prices is down in this decade."

That downward pressure was dramatically evident earlier this month when Norway, then Britain and finally Nigeria cut the prices of their high-grade crudes by as much as \$2 a barrel, and oil company stocks plunged for a few days as fear spread that the drop would have no bottom. By far the biggest blow to OPEC was the action of Nigeria, one of its own. "For all practical purposes, Nigeria has left OPEC," says Stephen A. Smith, a senior vice president of Data Resources Inc.

The OPEC oil ministers are meeting in an emergency session in Geneva to keep the initial price cuts from sparking a pell-mell downward price spiral. They are likely to be successful this time, even though the Mobil Corporation last week took the extremely unusual step of lowering its domestic oil prices on the eve of an OPEC meeting.

Nevertheless, there is a lingering concern that someday later this decade, perhaps even next year, oil prices might suddenly unravel, plummeting downward in uncontrolled fashion. If that were to happen, the world would experience an oil shock as severe in its economic impact as the two it suffered when prices rocketed upwards in the 1970's.

"It would kill off Mexico — a major non-OPEC producer — along with some banks down in Texas," says a former high government official. Other national and regional economies would be virtually flattened, oil companies would give up most of their drilling as unprofitable and scores of banks with huge loan portfolios tied to energy would face the prospect of failure.

Not the least of the casualties would be OPEC, which is hardly eager to lose huge chunks of income while it awaits the turnaround in the 1990's. Indeed, in the new economics of oil, the United States and the OPEC nations are beginning to share the common goal of a stable, relatively high oil price, although they part company on details. The United States would applaud a moderate decline in prices; the OPEC nations would resist even that.

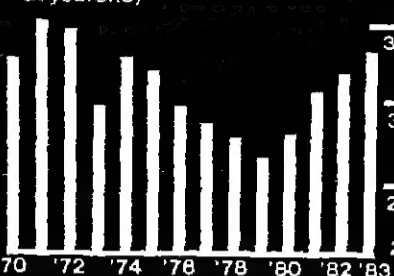
"A precipitate fall in oil prices by a substantial amount, to say \$15-to-\$20 a barrel, could have an immediate impact on many countries," said Walter J. Levy, an energy analyst. "Major banks would be very worried. It would affect Britain disastrously. And oil states such as Texas and California would be severely harmed."

But if an unraveling of prices is to be avoided, there are also powerful arguments in favor of a moderate decline in oil price — one that might eventually settle at about \$24 a barrel, or \$5 below the current benchmark price of \$29 a barrel that OPEC is trying to preserve. Already, economists are talking about the beneficial results of the last OPEC price cut, in the spring of 1983, when similar pressures from Nigeria and Britain prompted OPEC to cut its crude prices by \$5 a barrel.

That 1983 price cut helped to push down the inflation

Supplies Have Grown

Years of remaining oil reserves (Expressed as a ratio of proven reserve volume to production at year-end)



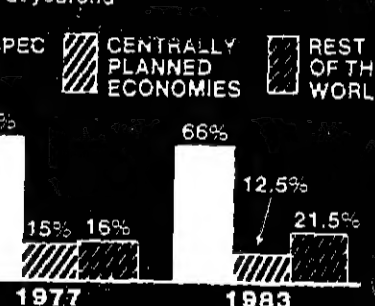
OPEC's Oil Earnings Are Down

Oil export earnings in billions of U.S. dollars



But OPEC Still Has a Trump Card

Shares of proven oil reserves at year-end



Sources: International Energy Statistical Review, CIA; Petroleum Industry Research Foundation, N.Y.; 1983 British Petroleum Review of World Energy

Daniel Krowitz

rate in the United States and, in the opinion of many economists, may have been as much a reason for the current economic recovery as President Reagan's tax cuts. It "added \$22 billion to the spendable income of Americans, an increase roughly equivalent to the first two rounds of the Reagan tax cuts combined," said Daniel Yergin, president of Cambridge Energy Research Associates. "The cut strengthened what looked to be a fragile recovery," he said. And he added that with the economic recovery once again showing signs of petering out, the Reagan Administration would probably like to see OPEC give in this week to a \$2-a-barrel price cut.

Indeed, Data Resources Inc. is already calculating the effect on the American economy if OPEC somehow

agreed to a \$5-a-barrel price cut before the end of this year. The forecasting firm said that the Consumer Price Index would drop by half a percentage point in each of the next three years and so would general interest rates. There would be an equivalent rise in the Gross National Product and auto production would rise by 700,000 vehicles — about 10 percent of current annual production — over the entire three years.

Airlines, truckers, fast-food merchandisers and land developers also would profit from less expensive energy. Other benefits would be so indirect that analysts would spend months figuring them out. For instance, aluminum makers, although they do not use petroleum in production processes, gain because commercial airline manufacturers — heavy users of the metal — would do brisker business with cheaper oil.

Even the losers — oil companies, coal producers, some coal-carrying railroads and banks with big loans to drillers or third world countries — would not suffer too much from a moderate price decline, in the opinion of many economists. "A \$1 or \$2 cut can be handled," Mr. Levy said. And the chief economist of a major oil company says that "a modest price reduction contributes to a stronger general economic performance."

Ironically, the Federal Government might be hurt the most by a moderate price decline. Washington absorbs up to 80 cents of the first \$4 reduction in the price of every barrel of oil, because of its windfall profits tax. Britain and Norway have the same problem, making their recent price reductions bitter medicine.

It is no wonder then that this week's OPEC meeting assumes something of the character of a sporting event with fans rooting for opposing sides — the start of a moderate price slide vs. the status quo. But that is probably a distorted view of the larger reality. What is going on is a complex betting game, with multifarious players and interests clashing against the changing facts of geology, economics and demography.

Here is OPEC's problem: Companies and countries do not like tying their purchases to a group that would truly love to be the tight cartel it has never quite succeeded in being. So they buy oil from non-OPEC producers first. As a result, OPEC has seen its share of world oil output plummet to 32 percent in 1983 from 54 percent in 1973. This is the consequence of two things: First, non-OPEC output from the North Sea, Mexico and elsewhere has soared. Second, consumption in the face of high oil prices fell in 1983 to its lowest point in 12 years, with approximately 35 percent of that reduction being attributed to conservation. Partly as a result, nearly one-third of the world's refining capacity is not being used.

All this is already common knowledge in the new economics of oil. What is just emerging as equally important involves the kinds of oil now being produced and purchased. The oil industry has invested huge amounts of money — \$18.2 billion in 1983 alone — to build or renovate refineries to process heavier, viscous petroleum that OPEC and other producers sell more cheaply than their benchmark brand, Arab light crude. The thick stuff has traditionally been used as the fuel burned by utilities and industry, and now it is being used to make gasoline, aviation and other products once produced almost exclusively from higher-quality light oil.

The upshot is that producers of the once-prized lighter crudes — Britain, Norway and Nigeria — are having trouble peddling their wares and are taking the logical step of shaving prices.

International banks, although clearly nervous, see some blessings in this situation. They have billions in loans outstanding to Mexico and Venezuela, two major non-OPEC oil producers, and they might welcome a reduction in the price of light oil, if it strengthened the price of the heavy crude these financially troubled nations pump.

But from OPEC's perspective, Nigeria's willingness to act unilaterally, as it did this month, is a troublesome chink in the armor of OPEC strategy. That country's financial woes were enough to topple a government recently and OPEC allows Nigeria to produce just 70 percent of what it is capable of pumping. Meanwhile, Mexico, not an OPEC member but certainly financially strained, pumps merrily along at a 90 percent clip. The wages of OPEC fidelity at a time of shrinking energy demand are crystal clear: Its members saw their export earnings tumble from \$267.7 billion in 1980 to \$149 billion in 1983, with a further reduction expected this year.

A waiting game is the result. Currently, decreases in the use of "stationary" oil — that is, oil used for heating and power, but not in transportation — is more than offsetting slight gains in the transportation sector. But at some point, all the large-scale substitutions of coal, nuclear power and natural gas for "stationary" oil uses will

be mostly completed. Then, the upward movement in transportation demand is expected to continue and to become dominant. OPEC's expectation is that this turning point will come within a decade.

Similarly, OPEC looks forward to the day that Alaskan and North Sea production begins a steep decline, an event that is likely to occur by the end of the decade. They could only rejoice that such promising prospects as Sotho's Mukluk property in the Beaufort Sea and Exxon's Destin Anticline in the Gulf of Mexico turned out to be dry, and that expensive technologies may be reaching their limits in wringing black gold from existing fields.

Moreover, such insurance policies as synthetic fuels have become almost fading memories, while inventory levels have become much, much tighter — not because the oil glut has abated but because companies don't want to finance these inventories at high interest rates and are confident that oil is readily available. It is also the case that OPEC is, in a sense, reluctantly banking its oil, with a production level of only 17.5 million barrels a day — just over half the amount of a decade ago — while the rest of the world produces all out.

But, to most analysts, that hardly seems enough to make OPEC influential in the current situation. In today's world, the new wisdom is that oil revenue in the bank is worth more than a depreciating asset in the ground, a reversal of the thinking of OPEC's founders.

What helps to make oil in the ground less valuable is that worldwide reserves have risen in comparison to production, a surprisingly favorable trend. In fact, this year's oil production — about 44 million barrels in the non-Communist world — would be even weaker were it not for the exceptionally cold weather last winter and the long British coal strike.

But perhaps the most important factor working against OPEC's long-term strategy is that the world seems likely never to need as much oil as most people once thought it would. A major oil company as recently as the mid-1970's was posting that demand for OPEC oil in 1985 would be as much as 50 million barrels daily. Instead, it is slightly over 17.5 million.

The lack of demand for Saudi Arabia's oil is more dramatic still. The predictions were that the world would be guzzling some 20 million barrels a day of Saudi crude by now, and American policymakers less than a decade ago were making nervous trips to the desert kingdom to

With ample oil supplies available, 'All the pressure on prices will be down in this decade.'

urges the royal family to quickly increase its production capability to handle this demand. Instead, the Saudis, although still OPEC's biggest producers, have tightened the faucet to 4.5 million barrels daily, and might go as low as 3 million barrels as a result of tomorrow's meeting. That's roughly 25 percent of capacity.

A major reason for the decline in demand is the gains that have been made in conservation and energy efficiency. And these gains will not likely be lost, mostly because these gains are largely the result of technology not the behavior of people. For instance, although Americans are using slightly more gasoline this year than last year — partly because it is cheaper — the automobile companies are adopting such technologies as an automatic transmission that is as fuel-efficient as manual shift. Already a big car like the Buick Electra gets 17 miles a gallon in city driving, compared with the 9 or 10 miles that similar models got in the mid-1970's.

Roger Sant, a former top energy official in the Ford Administration and now head of a company selling energy-efficiency equipment to industry, said this process would continue as long as the price of oil remains above \$15 a barrel.

Moreover, the very structure of the market has become so competitive that a return to OPEC price-setting power might be difficult. Flexibility, not the security of a guaranteed source of supply, is what concerns buyers. Today, contracts are written for a maximum of three months, rather than five years as formerly. As much as half the oil in the world is probably traded on a spot basis, rather than through the traditional contract purchases. That's up from 5 to 10 percent at the beginning of the decade.

Indicative of the change has been the tremendous growth in the trading of crude oil futures on the New York Mercantile Exchange. These contracts, representing a promise to deliver a fixed amount of oil at an agreed-upon price at a fixed date in the future, are even more sensitive to price change than the spot market and therefore have become a major vehicle for oil purchases. Since the new contracts began to be offered in March 1983, daily volumes have grown beyond the amount of crude produced in the United States in a day.

"When the market speaks, OPEC now listens," Mr. Yergin said.

WEEK IN BUSINESS

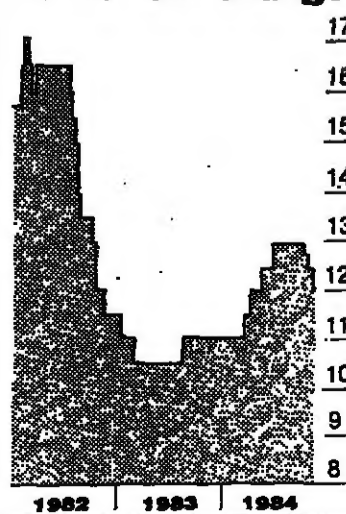
The Prime Rate Drops Again — to 12%

For the second time in as many weeks, major banks cut their prime lending rates. But this time, they were able to agree on a level. Morgan Guaranty led the way by cutting its by rate half a point, to 12 percent. Bankers Trust, which had settled at a 12½ percent rate in the last round of cuts, joined in at the 12 percent level, and other big banks quickly followed.

The latest cuts were further indications of an easing of monetary policy by the Federal Reserve in light of what appears to be controlled growth in the economy. Even though investor optimism is high, analysts cautioned that interest rates remained volatile. In the Treasury market, where bond rates last week hit a low for the year, the short-term bellwether Federal funds rate was trading well under 10 percent. Bond prices fell late in the week after a report of a \$1.8 billion rise in the money supply.

Inflation in Check. The Consumer Price Index, the most widely recognized measure of inflation, rose four-tenths of 1 percent in September, bringing its increase in the past year to just 4.2 percent. At an annual rate, inflation is running at 4.3 percent, ahead of the pace of the past two years but still among the lowest rates in a decade. Many analysts believe the rate is likely to remain low, at least through this decade.

Prime Rate Change



Durable goods orders, usually a harbinger of economic activity in the months to come, fell 4.3 percent in September to the lowest level in nearly a year, but the strike at G.M. took much of the blame.

Bracket Creep. The C.P.I. report also established the first rate for adjusting income tax brackets to inflation to keep people from being pushed into higher tax brackets without a real increase in earnings. The adjust-

ment, or index, will be 4.1 percent for 1985, meaning an effective tax cut for many workers. But the resulting reduction in income to the Government could add to the Federal deficit, some economists warned.

The Federal deficit for the fiscal year 1984 was \$175.3 billion, \$20.1 billion below that of 1983's record level. The Administration says the deficit will grow only slightly in the next few years. The nonpartisan Congressional Budget Office says interest rates will not fall as much as the Administration figures, and predicts deficits of \$216 billion by 1987.

Oil Disagreement. OPEC ministers will meet Monday to try to stop falling oil prices. Informal talks last week indicated agreement would be hard to achieve: Nigeria, the OPEC member that has already cut its price, refused to attend, and other representatives could reach only the broadest of outlines on cutting production to support prices. OPEC's unity is at stake, since quotas are hard to allocate and even harder to enforce. As the ministers talked, oil traders took advantage of the price drops, and prices on the spot market recovered.

Departure at American Express. When Edmond J. Safra steps down as chairman and chief executive of the

American Express International Banking Corporation, he will retain good-will ties to the foreign banking operation that he sold to American Express last year. But some analysts say American Express negotiated the resignation to wrest from Mr. Safra his tight control over the subsidiary.

Bidders flocked to the Treasury's first auction of notes designed for foreign investors, and the 11½ percent issue yielded 11.41 percent by the end of the first day of sale.

Stocks headed down for most of the week with moderate volume. The Dow Jones industrial average ended the week at 1,204.95, down 20.98.

I.B.M. in Mexico. The International Business Machines Corporation wants to build a personal computer manufacturing plant in Mexico in the first agreement that did not give majority control to a Mexican partner. Low labor costs are the enticement for I.B.M., while Mexico would benefit from the economic infusion.

Back home, I.B.M. introduced an array of new hardware and software products, including an enhanced PC AT, a minicomputer and software that would aid the linking of computers in office networks.

Merrill Perlman

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED OCTOBER 26, 1984

Company	Sales	Last	Net Chng
Mobil	9,881,800	30%	+ 2%
SF SP	8,182,900	25%	+ %
Exxon	5,737,200	43%	+ 1%
Textron	4,752,500	37%	+ 3%
IBM	4,745,200	124%	- %
AT&T	4,308,500	18%	- %
ITT Co	4,182,700	28%	- %
AMD	4,090,100	31%	+ 5
Chase	4,029,200	41%	- 1%
GMot	3,806,500	79	- 1%
Pfizer	3,743,800	36%	- %
Alt Rich	3,470,700	48%	+ 1%
Ford M	3,433,900	47%	- 2
Am Exp	3,241,200	36	- %
Fin Cp A	3,224,800	9%	+ %

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
796	1,223	2,264	120	53
1,518	563	2,267	220	50

VOLUME

Total Sales	Last Week	Prev. Week
441,229,560	19,282,568,923	408,259,380

WEEK'S MARKET AVERAGES

High	Low	Last	Net Change
112.5	110.6	110.6	-1.38
69.7	68.7	68.7	-2.23
50.3	49.2	49.2	-1.22
96.1	93.4	93.4	-2.67
95.9	95.2	95.2	-1.52

Standard & Poor's

400 Industrials	188.9	185.5	185.9	-2.37
20 Transp	141.9	137.0	137.8	-3.22
40 Utilities	74.4	72.3	72.4	-2.02
40 Financials	18.3	17.6	17.6	-0.72
500 Stocks	169.3	164.9	165.2	-2.67

Dow Jones

30 Industrials	1230.3	1197.7	1204.9	-20.98
20 Transp	547.0	518.9	522.9	-19.78
15 Utilities	145.3	140.7	141.5	-3.22
65 Combs	489.6	473.0	476.1	-11.22

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED OCT. 26, 1984

Company	Sales	Last	Net Chng
KeyPhs	1,584,900	10%	- %
WangB	1,490,700	26%	- 1
CryptO	1,185,300	4	- %
DomeP	774,700	2	+1/16
BAT	578,400	3%	+ %
TexAir	496,900	8%	+ %
TE	489,900	9%	- %
DataPd	457,200	15%	- 1
EchoB	44,600	10	- %
AdRus	445,100	24%	+ 2%

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
346	407	904	45	62
431	332	901	44	47

VOLUME

Total Sales	Last Week	Prev. Week
28,484,800	1,258,444,480	34,967,015

The New York Times

Founded in 1851

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ARTHUR HAYS SULZBERGER, Publisher 1935-1961
ORVILLE D. BRIDGES, Publisher 1961-1983

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Mondale for President

We're for Walter Mondale, even though Ronald Reagan has in some ways done a good job. America, the President says with permissible hyperbole, is back and he deserves credit because the country feels so much better than it did four years ago. Mr. Reagan has a gift for symbolism and salesmanship; when he salutes the flag and the troops, he embodies a wide renewal of pride in country.

And there's more to it than just the persuasions of a patriotic pitchman. People feel better off because many people are better off. The oil shocks and hyperinflation of the 1970's have been calmed. Unemployment, after soaring for months, has fallen back to the 1980 level. Real income is up.

So why not re-elect the President? For three reasons. First, because of the way he has paid for our recovery, and his popularity: with the pain of millions of people thrown out of work in the last four years and with the hundreds of billions of dollars Government must borrow in the next four.

Second, because much of the rest of his domestic program is repugnant. Mr. Reagan has punished the poor and retreated from civil rights. He has, laudably, continued the deregulation begun by Jimmy Carter. But the same President who vows to get Government off people's backs has recklessly pushed its nose into the most private realms of religion and family life.

Finally, and most important, because Mr. Reagan's diplomacy, mostly ineffective, has also been dangerous. Not only has he failed to stabilize the nuclear arms race but he has propelled it to new heights and lacks any plausible strategy for regaining control.

Walter Mondale has flaws. Until recent days, he so lacked fire as a campaigner that people called him "Norwegian wood." He has lacked a theme; at times, it seemed to be merely that he's not Reagan. He is heavily indebted to labor and interest groups.

His running mate is not as ready to be President as is George Bush. Choosing Geraldine Ferraro as the first woman on a national ticket unleashed a welcome wave of energy. But it has also brought a backlash of troubling questions about her husband's dealings and associates.

Now consider Mr. Mondale's strengths. His election would mean franker, fairer decisions on the hard economic choices that the President has concealed during the campaign. Mr. Mondale would offer an enlightened and humane conception of what Government should, and should not, do. Most of all, he would bring to the White House the will to control nuclear weapons.

So give Ronald Reagan due credit for what he has done, 1981 to 1984. The decision now should turn on who offers brighter promise for 1985 to 1988. In all three Presidential categories, our choice is Walter Mondale.

More Arms, Less Control

What President Reagan has pursued abroad is not a strategy but an unattainable slogan — "superiority." He has thrown dollars at Defense without curbing military appetites for fancy, fragile technology. He has failed to harness either diplomacy or economic power to the quest for security.

Recall how much energy was wasted just to undo the damage of his first year's quarrels with China, Israel and the European allies. In the Middle East, he remains mostly at the mercy of events. In Central America, he awaits at best the diplomacy of others to shape his "no-loss" military exertions.

By pressing ahead with a "Star Wars" missile defense, Mr. Reagan is forcing the arms race into outer space. Yet most scientists think it can't possibly be practical till far into the 21st century. Committing to more than modest research is incredibly wasteful, as if President Wilson had vowed in 1919 to put a man in space.

Because of his lifelong opposition to arms control, Mr. Reagan might have driven good bargains with the Russians. Yet unlike every other President of the nuclear era, he lacks the conviction and dedicated personnel to achieve agreement, or even a good plan for achieving it.

True, it takes two to negotiate and the Kremlin has had three leaders in four years. But Mr. Reagan, balking at past agreements, offered none of them any plausible new approach. Though he may finally be ready, as he says, to pursue accord, he has, perhaps even unwittingly, ordered up weapons and appointed officials that obstruct the way.

Walter Mondale believes in a sturdy defense. He also stands in the middle of the bipartisan community that long ago learned to abandon the fruitless quest for nuclear superiority. In this election, he represents all those Republicans and Democrats determined to tame the nuclear threat.

Lawyer Mondale offers pragmatic skill at making the best of reality. Ideologue Reagan offers the same tenacity that has brought him out diplomatically empty-handed. Who is likely to do better in arms negotiations in the next term, Walter Mondale or the President who tickles the religious right by reviling the Soviet Union as an Evil Empire?

Off People's Backs, Into Their Beliefs

To Henry Steele Commager, the historian, the 1983 speech in which Mr. Reagan described the Russians in that way was "the worst Presidential speech in American history, and I've read them all" — not because it was undiplomatic but because "No

other Presidential speech has ever so flagrantly allied the government with religion. There was a gross appeal to religious prejudice."

In such ways, Mr. Reagan readily turns himself from a conservative libertarian into a statist. He perversely condemns as "intolerant" anyone who opposes organized school prayers. He continues to flog at abortion though it is barely a Federal, let alone a Presidential, concern.

Lately, Reagan Republicans have called this a matter of civil rights — of the unborn fetus. Would that their President were so attentive to the minority millions whom the civil rights laws were designed to protect. Not until the Congressional momentum was unstoppable could Mr. Reagan finally bring himself to support even the 1982 bill renewing voting rights.

There is every reason, therefore, to worry about potential Reagan appointments to the Supreme Court. Since five of its Justices are 75 or older, the President elected this year is likely to leave a deep imprint. The last Roosevelt appointee to leave the Court, William O. Douglas, did so in 1975, 30 years after F.D.R.'s death.

President Reagan deserves credit for fastening the nation's attention on the need to restrain social spending. That fostered bipartisan collaboration on Social Security costs and commendable innovation in containing Medicare. But where has the Administration concentrated its budget cutting? Not on swollen middle-class entitlements but on the famous social safety net for the poor. For example, one Federal judge after another has had to order the Administration to restore disability benefits to thousands of helpless people thrown out of the safety net.

As for the environment, Mr. Reagan was too long content to let his record be written by James Watt and Anne Burford and other zealots who sabotaged or flouted the laws to protect air, water and human health.

Walter Mondale, son of a stern Minnesota minister, knows it is important for both church and state to maintain a respectful distance. He has stood for civil rights and liberties from his earliest days in politics. He has championed individual and human rights, the right to a lawyer or the right to be left alone by government. His interest in family addresses the public policy issue of day care, not the personal torment of abortion.

Feeling Fine, On Borrowed Money

In a 1981 impression of the President, Rich Little, the comedian, explained Reaganomics. "Let's suppose your mom baked a big blueberry pie," he said. The top half is for defense spending, the bottom half is for domestic programs — "and the other half is for the national debt."

At the time, it sounded merely comic. The President was denouncing deficit spending at every turn. Why, he said, the national debt was equivalent to "a stack of \$1,000 bills 67 miles high." But since then, even while calling for a balanced budget amendment to the Constitution, he's raised the stack another 40 miles.

The huge Reagan deficits weigh heavily on the economies of other nations. They divert capital away from poor countries, making development that much harder, and they put the United States in hock to the world. There's no reason to expect that in the next four years Mr. Reagan will keep the budget-balancing promise he's broken so dramatically in the last four.

Walter Mondale comes from the party that invented deficit spending but there is reason to think he would do better. It may have been a bravely candid act, or perhaps politically foolhardy, but he began his campaign in San Francisco in July by declaring that he would, among other things, raise taxes to reduce the deficit.

Unless most economists are crazy, the country can't keep borrowing \$200 billion a year. Everyone knows that spending cuts can't suffice. Everyone knows a tax increase is well-nigh inevitable. For all his feigned horror, Mr. Reagan knows it, too. The question is not whether there'll be a tax increase but whether the burden will be distributed fairly. On the evidence of his first term, Mr. Reagan will soak the poor, favor the rich and throw more money at the Pentagon.

There's another, less tangible standard for judging candidates for President: theatrical skill, the capacity to inspire. The hecklers who chant, "Reagan, Reagan, he's no good / Send him back to Hollywood" are missing a crucial point. Salesmanship is a precious Presidential asset and Mr. Reagan has it. He's the master salesman, the Music Man, of American politics.

Walter Mondale has all the dramatic flair of a trigonometry teacher. His Nordic upbringing makes it hard for him to brag. The first debate may have been the high point of his political personality. But there's power in his plainness.

Precisely by not dramatizing issues, he has consistently produced consensus and agreement, as a Senator and as Jimmy Carter's Vice President. And for all the talk about his vacillation, Mr. Mondale has grit. When knocked down, he does not blame his staff or his opponent's makeup. He gets up and starts swinging again.

Chances are that come Nov. 6, he'll keep on doing the same, win or lose. As the man most likely to reduce the deficit, to spread burdens fairly and to control nuclear weapons, Walter Mondale deserves to win.

Letters

Private Pensions Need Support

To the Editor:

We applaud the position taken in "Shameful Row Over Social Security" (editorial, Oct. 12), that the two Presidential candidates deal with realities rather than rhetoric concerning the Social Security system. At the same time, however, we also urge that the candidates focus on a topic of nearly equivalent importance: the maintenance of the private pension system as a continuingly viable "partner" of Social Security.

Both before and in most of the years since the passage of the Employment Retirement Income Security Act of 1974, the private pension system has been recognized, and generally encouraged by Congress, as one of the components of the "three-legged stool" of retirement-income security for Americans (together with Social Security and personal savings). Most recently, it was so characterized (correctly we believe) by President Carter's Commission on Pension Policy, which reported in 1981.

Thus, as a result of taxation and other policies reflecting this encouragement, the system has developed to the point where it now covers more than two-thirds of the country's full-time, nonagricultural workers — not quite so universal as Social Security, but moving in that direction.

Unfortunately, starting in 1982, the Federal deficit seems to have fueled a change in this previously healthy attitude on the part of many in government. Private pensions have been an object of attack, rather than encouragement, in numerous pieces of re-

cent legislation, and that trend appears to be escalating. In fact, many of the proposals that have emerged under the banners of "tax reform" or "deficit reduction" are so drastic that they would not only arrest the growth of the system, but could, in fact, bring about its disintegration.

While it is true that the 1983 Social Security amendments referred to in your editorial were an important step toward the solvency of at least the retirement-income portion of Social Security, such progress would be totally negated by any measure of deterioration of private pensions.

A reduction in retirement income from private plans would bring about the well-known "domino effect," in that unbearable pressure would be brought upon Social Security for the replacement of the lost income, causing a greater financing crisis than ever before.

Consequently, the realism that both we and The Times urge with respect to Social Security cannot be meaningful unless it is coupled with an expression by the candidates of their positions concerning private pensions, which to date they have both totally ignored. Obviously, we also believe that those positions should be of support, since any coherent national policy concerning retirement income demands that this vital component remain completely viable.

ROBERT D. LEBENSON
Washington, Oct. 17, 1984
The writer is president-elect and government-affairs chairman, American Society of Pension Actuaries.

Like President, Like Court

To the Editor:

Associate Justice William H. Rehnquist's assertion (news article, Oct. 20) that Presidents are "apt to be only partially successful" in attempts to pack the Supreme Court is too well hedged to be flatly wrong, but it hardly deserves to be described as "candid," as your headline did. It is also a strange statement from Justice Rehnquist, who more than anyone on the Court in recent decades, has voted almost exactly as the President who appointed him (Richard Nixon) would have wanted and expected him to vote.

Justice Rehnquist's vote was and is highly predictable because he is deeply committed to an all-embracing ideology of the extreme right. It is possible that the hidden agenda in making this statement just before the election is to persuade us that a vote for President Reagan is not necessarily a vote for a Supreme Court dominated by appointees like himself. In any event, he was less than candid in failing to point out that the Reagan White House now has a lineup of four or five candidates for appointment, most of them recently parked in holding positions on Federal appellate benches, who are quite possibly even more deeply imbued with right-wing ideology than he is. They are committed and predictable because they owe their present eminence to having over many years elaborated that ideology as legal scholarship.

If Mr. Reagan is re-elected, the odds are very high that he will place two or three of this lineup on the highest bench, with or without the Rev. Jerry Falwell's input, and that they will freeze into place until well into the next century the most reactionary Supreme Court since the judicial "four horsemen" savaged social legislation in the early decades of this century.

Further, they have proven themselves to be judicial activists whose decisions are likely to destroy or undermine much of the progress toward social justice we have made in the last 50 years.

HARLAN M. BLAKE
Arthur Levitt Professor of Law
Columbia University
New York, Oct. 22, 1984

The Image Glut

To the Editor:

Regarding your editorial lamenting the continuing ban on television cameras and photography in the courtroom ("Justice in the Dark," Sept. 27), may I pose this question: Do the thousands of cameras sprinkled all over the globe really increase our understanding of complex problems of the human condition in any meaningful way? I suspect they merely dull our capacity for the sort of careful, reasoned thinking that often leads to solutions (and justice). Of course, thinking can be hard work, and it's so much easier just to look at pictures, or at television.

There are enough histrionics in all walks of life to satisfy everyone without adding our court system to the cast of characters.

JAMES R. HECKEL
Short Hills, N.J., Oct. 4, 1984

Would Joan of Arc Deserve a Disability?

To the Editor:

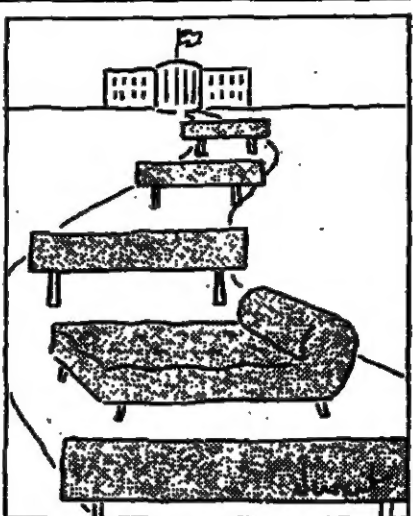
John Travers Moore quadrupled his plea for psychiatric examinations of Presidents and, presumably, of Presidential candidates as well (letter, Oct. 21).

The results of such exercises might provide an unpleasant surprise to Mr. Moore and to the rest of us. Another of those task forces of the American Psychiatric Association recently found that nearly one in five Americans is mentally ill. Twenty years ago, when I began defending the rights of psychiatric patients, the accepted ratio was one in 10. Therefore, either the country has gotten a lot sicker, or the psychiatrists are gaining on us.

In a sense, everyone is mentally ill. Each of us, from time to time, acts against our own best interests, or even in a way that is harmful to those we love. Moreover, some of these actions derive from bad thoughts we harbor about ourselves. For those of us more likely to be labeled "mentally ill," such bad thoughts may take the form of voices, or auditory hallucinations.

However, characterizing voices as a form of disease is a purely cultural phenomenon. Joan of Arc heard voices. If she were alive today, she would very likely be institutionalized, and the only legal concern might turn on the issue of whether or not she had a right to the benefits of a service-connected disability.

There is much historical evidence to suggest that Lincoln would have



flunked a psychiatric examination, but the "new" Nixon of 1968 might well have passed. Indeed, some similar comparison actually occurred between Senator Eagleton and Vice President Agnew four years later.

We elect a President because his record of conduct should demonstrate, among other things, that he does not need a keeper. When the voters begin to surmise that perhaps he really does, the remedy can be as swift and certain as turning down the lever next to the name of his opponent.

HARVARD HOLLENBERG
Verona, N.J., Oct. 21, 1984
The writer is deputy public advocate of the New Jersey Division of Mental Health.

Lincoln Misread

To the Editor:

The United States Postal Service should be blushing. This month, it has issued a new 26-cent commemorative stamp bearing the legend "A Nation of Readers." According to the Stamp column in the Arts and Leisure section ("An American Tradition Grows," Oct. 7), "The design is adapted from a daguerreotype photograph by Mathew Brady and shows Abraham Lincoln reading to his son, Tad."

While some in the past have wanted us to believe that Lincoln was not only reading in the photo but in fact reading the Bible, the truth is that he and his son are not reading at all, but rather looking at an album of photographs in the photographer's studio. Perhaps the stamp needs to be retitled "A Nation of Lookers."

GARY R. PLANCE
Winter Park, Fla., Oct. 10, 1984

Holystone, Ye Lubbers

To the Editor:

The photo caption accompanying the report of the battleship Iowa's arrival in New York Harbor (Oct. 20) contained one minor inaccuracy. The sailors are described as swabbing the decks, while closer inspection will reveal that what they are doing is diligently holystoning the decks, not swabbing.

Those of us who served in Navy ships with wooden decks — and this could be anything from a 110-foot sub-chaser to a 58,000-ton battleship — remember the fore and aft scraping on wet decks, usually under the critical eye of a boatswain's mate.

The name of the stone is said to derive from the fact that fragments of broken monuments from St. Nicholas Church in Great Yarmouth were once used to scrub the decks of the Royal Navy. A swab, on the other hand, is a soft mop, originally made from rope ends.

ROBERT C. WESTON
Yonkers, Oct. 21, 1984

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

Political Partisanship by the Church Is Illegal

To the Editor:

The continuing debate started by Governor Cuomo and Archbishop O'Connor regarding the position of Roman Catholic officeholders or office-seekers on abortion has ignored one crucial fact: the United States Tax Code (Section 501-c-3) forbids the support of or attack on political candidates by tax-exempt religious organizations and their leadership.

The Catholic hierarchy has violated this law for years, and the U.S. Conference of Catholic Bishops is now involved in a suit, in Federal District Court (Southern District of New York), brought by over 25 plaintiffs including our group, which charges the Internal Revenue Service with failing to enforce the statute. Yet the Catholic Church continues to violate the law, as witness, for example, Cardinal Krol of Philadelphia sitting at a campaign rally with

President Reagan in Doylestown, Pa., and praising him unstintingly ("Roman Catholic Shrine Is Site for Reagan Rally," Sept. 10).

This support of political candidates by Catholic leaders obviously gives the church a sizable advantage in elections over Protestant and Jewish groups, which obey the law, whether the issue is promoting the Catholic dogma on abortion or any other issue. Ironically, the Conference of Catholic Bishops recently instructed all bishops and priests to obey the law. But the church seems unable to control its own hierarchy.

Significantly, there is no evidence that the I.R.S. has ever moved against the church, although it did suspend the tax exemption of a small Protestant journal for a similar violation in 1964.

LAWRENCE LADER
President, Abortion Rights Mobilization
New York, Oct. 11, 1984

Admit New Columbia as 51st State of the Union

To the Editor:

As an eight-year resident of Washington, I'm among those who are disenfranchised by the District of Columbia's semi-colonial status, and I favor statehood.

While it's true, as Joel Brinkley reported Oct. 17 ("Even Backers See Flaws in Plan for 51st State"), there are many in Congress who don't like the idea of statehood for a variety of reasons, the fact remains that the citizens of the District approved the idea of statehood in a referendum, elected delegates to a state constitutional convention, ratified the constitution drafted by our delegates and are asking Congress to admit New

Columbia as the 51st state. That's the will of more than 750,000 Americans who are being taxed without representation, among other injustices we suffer. We have only a non-voting delegate to Congress.

Like most other states that joined the Union in this way, all we need is a simple majority of each house of Congress. Let us forget, in our country there must be justice and democracy for the few as well as the many. We need the help of fellow Americans, to request their representatives and senators to support constitutional equality for the rest of us.

FRED CLARKSON
Washington, Oct. 17, 1984

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Policy Questions For Mondale

By Eugene V. Rostow

WASHINGTON — I find it difficult to see how Walter F. Mondale can hope to persuade us before Election Day that he is part of the foreign policy tradition of Woodrow Wilson, Franklin D. Roosevelt, Harry Truman, John F. Kennedy, and Lyndon B. Johnson — a tradition of bipartisan consensus whose first political priority was a deep concern for national security.

So far, Mr. Mondale has given most disturbing signals in the campaign in his speeches and staffing decisions and in the foreign and defense policy planks of the Democratic Party platform. The platform, among other things, endorses the isolationism of Senator Gary Hart.

As a Democrat in the Wilsonian tradition, I suggest several questions that the Democratic candidates will have to face if they wish to restore their party as an alternative governing party.

The first foreign policy item in Mr. Mondale's campaign has been to reach President Reagan for not meeting with any of the three ailing Soviet leaders with whom he has had to deal, as if summit meetings between Soviet and American leaders were a kind of political Lourdes, accomplishing marvelous cures. That Mr. Mondale has pushed such a trivial matter erodes confidence in his judgment. Does he think we have forgotten that Mr. Reagan and his associates have often said that he is more than willing to engage in summitry and that few summit meetings with Soviet leaders have done more good than harm?

Secondly, which issue do the candidates consider the most important facing us, the nuclear arms negotiations or the Soviet policy of indefinite expansion based on the illegal threat and use of force? What forms of Soviet aggression do they think America and its allies should oppose? What nuclear policy would make American deterrence credible in the face of Soviet expansion and the Soviet arms buildup?

In his speech accepting the nomination, Mr. Mondale said he took a "sober view" of Soviet policy. But he then said we should not use force to oppose Soviet-sponsored aggression in the Middle East or the Caribbean, two areas where American security interests are obvious and important. Instead, he argued, we should rely on "negotiation" and "quarantine."

What does he mean by "quarantine?" Mr. Mondale has told us that the worst mistake of his political life was that he supported Vietnam War "too long." Does he mean that he now thinks that Presidents Kennedy, Johnson and Richard M. Nixon should have won the Vietnam war quickly and decisively, or that they should have refused to carry out our obligations under the Southeast Asia Treaty Organization pact?

Thirdly, do the Democratic candidates realize that the Soviet nuclear arms build up of the last 25 years is designed primarily to compel American neutrality while the Soviet Union gains control of the Eurasian land mass, Africa and even the Caribbean through the use of conventional forces, terrorism and subversion? How would they reconcile Soviet success in such an effort with our Government's duty to preserve the world balance of power?

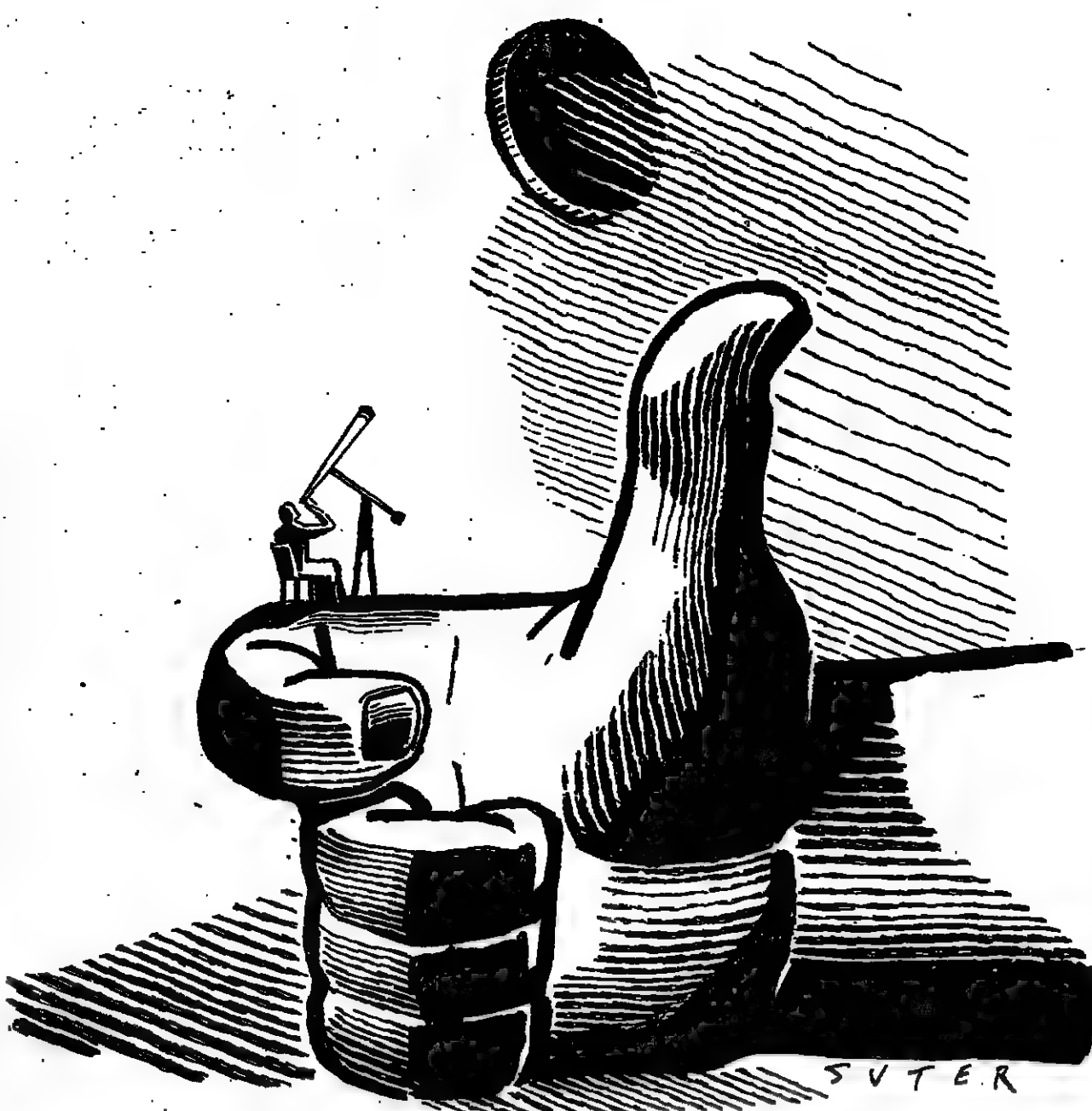
In the context of these questions, the promise and the risks of the nuclear arms negotiations become clear. Gov. Mario Cuomo of New York had made it appear that America, not the Soviet Union, had walked out of the Geneva negotiations. And in the second debate with the President, Mr. Mondale claimed that America had rejected a promising sketch of a compromise — the "walk in the woods" formula — suggested by the Soviet and American ambassadors. In this, as Mr. Reagan pointed out, Mr. Mondale was in error. America did not reject the walk in the woods approach but wished to pursue it in the negotiations and made several subsequent proposals based on the idea of the compromise.

The only significant issue in the Geneva talks is whether a nuclear arms agreement should be based on the principle of equality between the two countries. Are the Democratic candidates prepared to accept the Soviet negotiating position, which calls for equal reductions, not reductions to equal Soviet and American levels? An agreement based on the Soviet approach would make the crucial Soviet advantage in ground-based ballistic missiles even bigger and more ominous than it is now.

In their zeal for balancing the budget, the Democratic candidates promise severe reductions in the military budgets. How would such reductions square with the fact that the Soviet lead over America arms has continued, albeit more slowly, to grow?

In the days when Britannia ruled the waves, it was British policy to build a navy equal to the sum of all the other navies in the world. Are Mr. Mondale and Geraldine A. Ferraro willing to accept a comparable posture on the part of the Soviet Union, both for conventional and for nuclear weapons?

Eugene V. Rostow, professor of law emeritus at Yale University, was director of the Arms Control and Disarmament Agency from 1961 to 1963.



The Job Boom Is Carter's

By Emma Rothschild

CAMBRIDGE, England — Ronald Reagan has been campaigning on the American economic expansion, and he has found eager listeners in Europe as well as the United States. It is true, as President Reagan says, that the United States has recently created far more new employment than any other developed country. But the employment boom is hardly a product of Mr. Reagan's "opportunity society." It is, if anything, Jimmy Carter's boom.

In the Carter years, 1976 to 1980, the number of nonagricultural employees in the United States increased by an average 2.7 million — or 3.3 percent — per year. In the Reagan years, 1980 to 1984, employment increased by 0.9 million per year, or 1.02 percent. (The employment figure for 1984 is projected as the average of employment for the second and third quarters of the year.) Employment in manufacturing increased by a total of 1.3 million in the Carter years; it fell by 0.7 million during the Reagan years.

Both the Reagan and the Carter periods included an *avrus mirabilis* of exceptional employment growth. The main difference between them was political — and the grave charge that can be laid against President Carter was that his boom year (with a few more than 4.2 million new jobs) was in 1977-78, while President Reagan's (with a few less than 4.2 million new jobs) was in the election period 1983-84.

Emma Rothschild teaches in the Science, Technology and Society program at the Massachusetts Institute of Technology.

Reagan's jobless rate is higher

The unemployment rate has now fallen from its peak of 10.6 percent in late 1982, but it remains higher than the average for any year of the Carter Administration. It would be higher still had the labor force not grown much less fast in the last four years than in the 1970's. The adult population has increased less in 1980 to 1984 than in 1976 to 1980; the proportion of all men who participate in the labor force, which scarcely changed between 1976 and 1980, has fallen sharply; the proportion of women who participate has risen much less fast.

Employment is not the only indicator of economic well-being. Inflation has come down sharply in the Reagan period, as indeed it has in virtually all Western industrial countries. Investment is now high. But the record American deficit on current international transactions has involved record hardship for American companies exporting goods and services and for foreign countries exporting capital to the United States.

The enigma of the American employment boom remains. There is a sense in which it can be seen as the triumph of free competition in labor markets. This is the view of conservatives in Europe, awestruck by the decline in American wages to the point where real hourly earnings were lower in 1983 than in 1969. But such capitalist "flexibility" — which is as-

sociated with changes in techniques of production and in the sectors where people work — is hardly the result of Mr. Reagan's economic policies, and the decline in real wages was actually faster in the Carter years.

Enthusiastic conservatives avert their eyes from the social costs of the fall in real wages. They also look away from its economic consequences. These include the possibility of continuing slow growth of productivity. The last 10 years may constitute no more than a distasteful interlude, from which the American economy will return to its "long-term" postwar growth of labor productivity and real labor earnings. But the interlude will at the present rate of recovery last for at least as long as the post-war expansion itself.

There is no readily evident connection between economic recovery and the competitive society to which Mr. Reagan aspires, offering Americans "not only an equal chance but a greater chance." Japan is hardly a society of savage labor markets, free from what conservatives see as the "rigidities" of quaint welfare institutions and corporatist collusion. Two of the countries with the most impressive recent economic improvement — Australia and Sweden — have social democratic governments and a very high proportion of their labor force in the public sector. Mr. Reagan himself has increased the share of Government spending in the American national product.

The Carter Administration, Mr. Reagan says, left behind "a snarling economic wolf with sharp teeth." The wolf of unemployment is actually a bit more ferocious now than in 1980, and the United States has not yet begun to confront the consequences of changes in how people work.

Chinese Reformers' Task

By Liang Heng and Judith Shapiro

they are the greatest potential threat to Deng Xiaoping's program unless they too can benefit from it.

Unfortunately, the urban reforms will be far more difficult to carry out than those in the countryside, where the "responsibility system" has divided land among families who may dispose of its fruit as they wish after fulfilling state quotas.

In the cities, the policy of "big plans, small freedoms" will mean some pricing flexibility for certain commodities and less pressure on enterprises to meet high production quotas. But the basic autonomy necessary if enterprises are to swim on their own is lacking.

Despite plans to put administrative duties in the hands of qualified managers, work assignments and job transfers will still be controlled by party leaders, for whom such powers are the primary leverage for insuring ideological conformity.

Numbers of employees, and basic wages, are still to be determined by the state. Important means of production may not be freely exchanged, transferred, bought or sold, and there

will be no free market for capital.

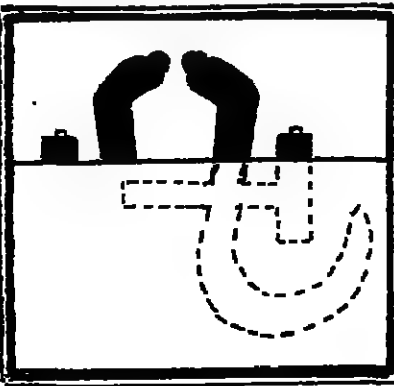
The reformers have not explained what is to be done to avoid price spirals, prevent unemployment when enterprises are unable to pay salaries and discourage stockpiling of goods threatened with price rises.

Even more important is the question of management: recent leadership shakeups have been strongly and often successfully resisted.

A current party "rectification" program is targeted at members who joined during the Cultural Revolution. However, many lower and middle officials are those who regained power in the late 1970's after being persecuted. Surprisingly, many seem not to have learned from hardship and have returned to old arrogance. They often see contracts as materialistic liberalism, and the open door to the West as admitting foreigners who exploit China and bring "spiritual pollution."

Nor have the reformers made provision to decrease tensions between the political "tightness" of the recent Deng years and economic "looseness" at the core of the modernization program. People are told to uphold "Marxism-Leninism-Chairman Mao Zedong's thought," party leadership, the "people's democratic dictatorship" and the "socialist road," even as special economic zones are being created to operate capitalist-style economies.

Such tensions will remain unless the economic situation improves drastically. In that case, the reforms may move China another step toward an authoritarian model like Taiwan or Singapore, where material comforts go a long way toward compensating for the lack of intellectual freedoms. If they fail, China may face great political instability and a frightening increase in ideological control.



Liang Heng is editor in chief of *The Chinese Intellectual*, a Chinese-language quarterly, and co-author, with Judith Shapiro, of "Son of the Revolution."

WASHINGTON | James Reston

Mood Before the Vote

WASHINGTON — In the last days of the Presidential election campaign, the bad news for the Democrats is that despite the debates and a massive registration drive, the polls indicate that President Reagan's long lead is holding steady.

For the fourth Presidential election in a row, the Democratic nominee has actually lost ground during the campaign. Walter Mondale came reasonably close to the President after the first debate, but after the second, the President was leading by at least 12 points — about where he was before losing the first debate.

The Republicans had a particularly clumsy week. The President virtually invited U.S. soldiers of fortune to join the war against the Nicaraguan Government. Secretary of State Shultz proposed the use of U.S. military force against terrorists, even at the risk of killing innocent civilians. And 22 U.S. ambassadors broke the first rule in the diplomatic book by endorsing the re-election of Senator Jesse Helms of North Carolina. All this was against either law or custom, but the President moves blithely on.

The explanation is fairly obvious. The economy is acting as if it were run by the Republican National Committee. Inflation is down to about 4.5 percent. In the 1982 Congressional elections, unemployment was running beyond 10 percent in 20 states, now this is true of only 4 states. And while nothing has been settled with the Russians or in Central America or the Middle East, there is a lull in the tension beyond our borders.

Mr. Reagan has been telling the people that it is their destiny under his leadership to be proud, strong, prosperous and at peace, and while the plight of the poor at home and abroad has been muffled in hypocrisy, he proclaims that the Republicans are the party of lower taxes and the Democrats the party that taxes the many to provide handouts for the few.

Fritz Mondale found his voice the other day and took a wholly different line: "We must bear one another's burdens," he said. "We must look not on our own things, but also on the things of others. We must rejoice together, mourn together, labor and suffer together. We must be knit together by a bond of love. And so may it always be in America. Let's be a community, a family where we care for one another. Let us end this selfishness, this greed, this new championship of caring for yourself."

Mr. Mondale's fortunes are down, but his crowds are up, and these echoes from New Deal days are well received. But it is very late, and the evidence is that the President's promises of personal well-being are closer to the national mood than is Mr. Mondale's offer of "humility and sacrifice."

Woodrow Wilson once remarked,

long before radio and television had expanded the power and reach of the President's voice, that once a President had won the admiration and confidence of the country and rightly interpreted the national thought and boldly insisted upon it, he was irresistible.

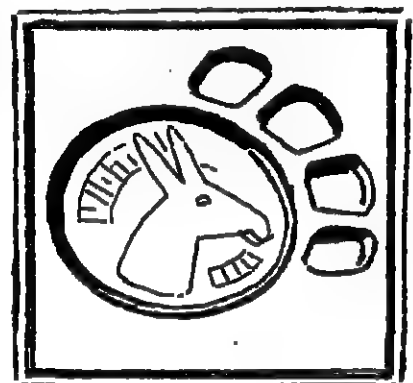
This is undoubtedly true, and it is also true, or so it seems here, that Mr. Reagan has not only accurately interpreted the present mood of self-indulgence and acquisitiveness, but has helped create it by his attacks on the Federal Government and his pleasant fantasies about the future he has helped burden with intolerable debt.

The polls clearly indicate that a majority of the people are also living for the day and for themselves, but at the same time there is an underlying anxiety about our national life and the future of our children. Even the President senses this from time to time and suggests we might remedy it by abolishing abortion and having the children pray in the public schools.

This mood of drift and hallucination will pass, as it did at the end of the 20's. We see some hope in the rising opposition to drug use, in the fight against drunk driving and abuse of wives and children, but it is probably not in time to help Mr. Mondale in this election.

The majority is sovereign, but not always right. There is a remnant, maybe even a large minority, that is not satisfied with contrived tricks-or-treats politics. As Walter Lippmann wrote in the Presidential campaign of 1932:

"They are looking for new leaders,



for men who are truthful and resolute and eloquent in the conviction that the American destiny is to be free and magnanimous, rather than complacent and acquisitive; they are looking for leaders who will talk to them not about two-car garages and a bonus, but about their duty and about the sacrifices they must make, and about the discipline they must impose upon themselves, and about their responsibility to the world and to posterity; about all those things which make a people self-respecting, virtuous and confident."

"May they not look in vain." □

IN THE NATION | Tom Wicker

A 'Lame Duck' Test

If the polls are right and Ronald Reagan is about to be re-elected, he will be only the third President to win two terms since passage of the 22d Amendment in 1951 limited Presidents to eight years in office. If he should serve the full two terms, he would be only the second to do so under that amendment's limitation.

Dwight D. Eisenhower won and served two full terms. But as the commanding general of European theater forces in World War II, he was a personable hero who became, as President, a national father figure and a leader able to transcend ordinary political bounds. Even so, controversy continues as to whether he was weakened in his second term by the fact that he was a "lame duck" President barred from seeking re-election.

Richard Nixon was elected twice, but on Inauguration Day 1973 to his resignation on Aug. 4, 1974, he was engulfed in Watergate and could devote little attention to anything else. So his short second term tells us little, if anything, about the 22d Amendment's political effects.

A second term for Ronald Reagan, therefore, could be looked at as the first real test of those effects, if any. Mr. Reagan, highly popular as he is, still is not the venerated and trusted figure that General Eisenhower became; nor, everyone must hope, will he be swamped in anything resembling Watergate.

Is a President who cannot even threaten to run for re-election stripped of essential political powers? Harry Truman thought so. "You do not have to be very smart," he once said of a proposal to limit Presidents to one, six-year term, "to know that an officeholder who is not eligible for re-election loses a lot of influence . . . You have taken a man and put him in the hardest job in the world . . . and you have sent him out to fight with one hand tied behind his back . . ."

Others believe the necessity to please the voters enough to win re-election distracts Presidents from the public interest. If a President knows he (or in the future, she) is serving his only or his last term, in this view, he'll be more willing to "do what's right for the country."

Well, if Mr. Reagan is returned to the White House, maybe we'll get some practical evidence as to whether or not being a "lame duck" makes any real difference. In his case, moreover, that status will be complicated by at least three major factors:

Mr. Reagan, who will be 73 at the beginning of a second term and 78 at the end of it, will almost certainly lose, over those four years, some of the force and energy with which he established his political leadership in

If Reagan wins again

his first term. General Eisenhower's experience of aging — he left the White House at 70 — led him to say that no one older than that should serve in the Presidency.

The usual jockeying for the succession will be unusually complicated and could directly affect Mr. Reagan's political power. He will not have the services of the able Senate majority leader, Howard Baker of Tennessee, who retired to begin a campaign for the Republican nomination in 1988. The Vice President, George Bush, is an obvious aspirant who will have an interest in shaping Administration policies that he would be able to defend, if nominated for 1988.

Bob Dole, the chairman of the Senate Finance Committee, will be a crucial figure in whatever action may be taken concerning taxes and the Federal deficit — and he too is a likely candidate for President. Another, Representative Jack Kemp of New York, will have much to say about tax policy on the Republican side of the House, and might move early to cut in on Mr. Reagan's power base in the conservative wing of the Republican Party.

The deficit is only the most obvious of the hard political problems sure to face Mr. Reagan if he wins a second term. His Central American policies, for another good example, manifestly could lead to greater U.S. military involvement in Nicaragua or El Salvador or both, whether the President intends it or not. What will he do, for example, if, against explicit Administration warnings, Nicaragua equips itself with fighter aircraft from the Soviet Union or Cuba?

And if he follows his election-year emphasis on flexibility in arms control and accommodation with the Soviet Union, his right-wing followers will be displeased, while if he turns back to his earlier hard line, he might face rebellion in Congress — and a public that felt itself deceived on the most crucial of issues.

My article in this space for Friday, Oct. 26, referred several times to "Robert Scott" as the Democratic candidate for Congress from the Second District of Mississippi. In fact, State Representative Robert Clark, the chairman of the House Education Committee, is the Democratic candidate. This error is deeply regretted.

In 'The Killing Fields,' a Cambodian Actor Relives His Nation's Ordeal

By SAMUEL G. FREEDMAN

During "The Killing Fields" — a film about friendship, separation and reunion set against the Khmer Rouge's genocidal revolution in Cambodia — the central character, a Khmer Rouge captive named Dith Pran, grows a small tomato plant. Its feeble fruit is part of survival amid rice gruel and endless labor. Then, as Dith Pran watches in impotence, a girl soldier of 12 or 14 rips the plant out of the earth.

When that moment was filmed, Dr. Haing S. Ngor, who portrays Dith Pran, ran off the set screaming. "Khmer Rouge, Khmer Rouge," he insisted to Roland Joffé, the director. "She is Khmer Rouge." The girl, Mr. Joffé assured him, was a Thai who had been hired on location. But in her flat, dead eyes — the eyes of the thousands of children in the Khmer Rouge — Dr. Ngor saw again the horrors both he and Mr. Dith had actually endured.

Dr. Ngor [he puts his surname last in American fashion] never acted before being cast as Mr. Dith, the assistant and friend to The New York Times correspondent Sydney Schanberg, the winner of a Pulitzer Prize

for his reporting on Cambodia. But to say that Dr. Ngor acted, that he merely played a role, is woefully inadequate. To an eerie degree, his experiences in Cambodia after the Khmer Rouge takeover in 1975 parallel those of Mr. Dith.

"For me, movie not different," Dr. Ngor said, still trying to master the language of his new land. "I have enough experience in Communist times. I put emotion into the movie. We have a lot of scenes like in Khmer Rouge time. Everything the same."

"One thing I know," said Mr. Dith, who is now a photographer for The Times, "this is a true story. Only someone who got trapped like me could do this part. Haing did well because he lived like me. When I see the movie, I try to say, 'That's past. That's past. Don't give away your tears anymore.' I try to pull myself out, but you cannot pull all the way out. You say, 'Oh my God, I am there again.'"

Although it takes some artistic liberties, "The Killing Fields," which

opens Friday at Cinema 1, essentially follows the true story of Mr. Dith and Mr. Schanberg. It is based upon Mr. Schanberg's 1980 article in The Times's Sunday Magazine, entitled "The Death and Life of Dith Pran."

Like the article, the movie shows how Mr. Schanberg [played on screen by Sam Waterston] and Mr. Dith collaborated to cover the Cambodian civil war and the ultimate triumph of the Khmer Rouge.

When the American Embassy was evacuated as the Khmer Rouge advanced on Phnom Penh, Mr. Dith and Mr. Schanberg, thinking mistakenly that the killing will soon end, stay. Instead, Khmer Rouge soldiers soon capture and prepare to execute

Mr. Schanberg. Only Mr. Dith's pleas convince the soldiers to free Mr. Schanberg, and the men reach the safety of the French Embassy. But when the Khmer Rouge demand that all the Cambodians in the embassy be surrendered to them, Mr. Schanberg cannot save Mr. Dith. Mr. Schanberg

returns to New York guilt-ridden. Mr. Dith vanishes into the tragedy of Cambodia, and the friends do not reunite until Mr. Dith's escape to Thailand more than four years later.

"The Killing Fields" represents the first attempt by a commercial film to grapple with the Cambodian genocide. In the name of their "peasant revolution," the Khmer Rouge drove the two million residents of Phnom Penh, among them Dr. Ngor and Mr. Dith, into the countryside. Other cities, like Kompong Speu, were literally bulldozed out of existence. By the time the Vietnamese ousted the Pol Pot regime in 1979, anywhere from one million to three million Cambodians, out of a population of seven million, had perished, some by starvation, some by murder. The Cambodian Genocide Project, an American group researching the Khmer Rouge atrocities, in 1982 read the scrupulous records of executions at Tuol Sleng political prison; inmates were clubbed to death, the Khmer Rouge wrote, because "bullets could not be wasted."

The parts of Dith Pran and Sydney Schanberg are co-equal in "The Killing Fields," but it is Mr. Dith who is, perhaps, the emotional center of the film, for he personifies the suffering of millions of his countrymen. As Gregory Stanton of the Cambodian Genocide Project once put it, "After you've gotten to know people in Cambodia and heard their stories — and everyone has lost someone — you begin to realize how personal mass murder is. Impersonal to the murderer, but personal to the victim."

The search for someone to play Dith Pran consumed months. Both Mr. Joffé and Pat Golden, the casting director, realized that they could not cast a Caucasian in the role. But most of the Cambodian and Thai actors they met were trained in the highly stylized Asian theater tradition, one ill-suited for a realistic film. It fell to Miss Golden to scour the Cambodian expatriate communities in California, New York and Washington, D.C., and between January and April 1983 she interviewed 300 prospective Dith Prans. None fit.

Dr. Ngor, meanwhile, had heard about Miss Golden's efforts. A fellow Cambodian in southern California kept telling Dr. Ngor to audition and Dr. Ngor kept resisting. "I didn't think I'm a movie star," he said. "The producer or director want to choose a handsome, young guy. I think I have 100 percent no chance. I

Arts & Leisure

am not handsome. I am too old." Miss Golden did not think so. Her casting search took her to a Cambodian wedding in Oakland, Calif., at which Dr. Ngor was a guest. She asked him to remove his glasses and took his picture. He resembled Mr. Pran closely enough to merit a screen test, which was essentially a series of improvisations. In one, Dr. Ngor and Miss Golden acted out an argument between Mr. Dith and Mr. Schanberg. In another, Dr. Ngor had to react as if his wife had just been killed.

"It was the most astonishing thing," Miss Golden said. "I'd never seen anything like it." When Mr. Joffé, the producer David Puttnam and others watched footage of the screen test in London, there were tears. The authenticity should not have been surprising. Dr. Ngor's fiancée died under the Khmer Rouge, as did virtually all of his relatives.

So close was Dr. Ngor's experience to Mr. Dith's that — although Mr. Waterston, for instance, spent almost a week with the real Sydney Schan-

berg and read all of his notebooks and dispatches from Cambodia — Dr. Ngor never even met the man he would recreate on film. Like Mr. Dith, Dr. Ngor was a relatively Westernized Cambodian, a doctor who spoke fluent French. And like Mr. Dith, Dr. Ngor realized that his only chance of survival among the Khmer Rouge lay in denying his past.

On April 17, 1975, the day the Khmer Rouge seized Phnom Penh, Dr. Ngor and a colleague were in a military hospital, operating on a man wounded in the bombing of the city. "I am operating on my patient," he recalled. "I am cleaning out the intestine. It is 9 o'clock when a Khmer Rouge get into the operating room. He put a gun on my right ear. He ask me, 'Are you a doctor?' I say, 'No, he

just left by back door. I am not a doctor.' The Khmer Rouge ran away to find the doctor. So I tell my friend, 'We leave the patient.' He says, 'No, we must finish.' I say, 'We must leave. If the Khmer Rouge come back, we will be killed.'"

But like both the real Mr. Dith and Mr. Schanberg, Dr. Ngor at first underestimated the ferocity of the Khmer Rouge. When Pol Pot's forces ordered Cambodians out of Phnom Penh, Dr. Ngor recalled, they said it was only to protect them from American bombing. Everyone would go back home in three hours. "We don't know," Dr. Ngor said. "We don't know the Khmer Rouge lying." Even after a three-day march to a Khmer Rouge encampment, Dr. Ngor added, "We still think over and over again, maybe the Khmer Rouge call the people back to the city."

In the maelstrom, Dr. Ngor somehow found his brother and father, his fiancée and her mother. Together, on May 28, 1975, they began another march, to a camp near the Vietnamese border and to the heart of Cambodia's darkness.

In Dr. Ngor's second Khmer Rouge commune, the 7,000 workers received not even rice; they lived or died on whatever they could forage — insects, mice, lizards, snakes, scorpions. The Khmer Rouge then tortured Dr. Ngor, once binding his limbs until they went numb, once searing his leg with an ember and once putting a plastic bag over his head until he almost suffocated — a torture reenacted at points in "The Killing Fields." Ultimately, Dr. Ngor escaped into Vietnamese-held territory and then to Thailand, the same path Dith Pran followed. The two men crossed the border within months of each other in 1979.

While Holocaust survivors have helped perpetuate the memory of Nazi infamy, the Cambodian genocide is already being forgotten. Which is part of the reason Dr. Ngor decided to play the part of Dith Pran. "When Pat Golden ask me how much money I want, I said I don't care about salary," he recalled. "She say \$300 a week. I say I don't care. I want to be this actor. I want to show the world how the Communists really were. If any country get into a war, people killed by gun. In Cambodia, we are killed by rice; we are killed by starvation. If I die from now on, O.K. The film will go on 100 years."

Dith Pran personifies the suffering of millions of his countrymen.

berg and read all of his notebooks and dispatches from Cambodia — Dr. Ngor never even met the man he would recreate on film. Like Mr. Dith, Dr. Ngor was a relatively Westernized Cambodian, a doctor who spoke fluent French. And like Mr. Dith, Dr. Ngor realized that his only chance of survival among the Khmer Rouge lay in denying his past.

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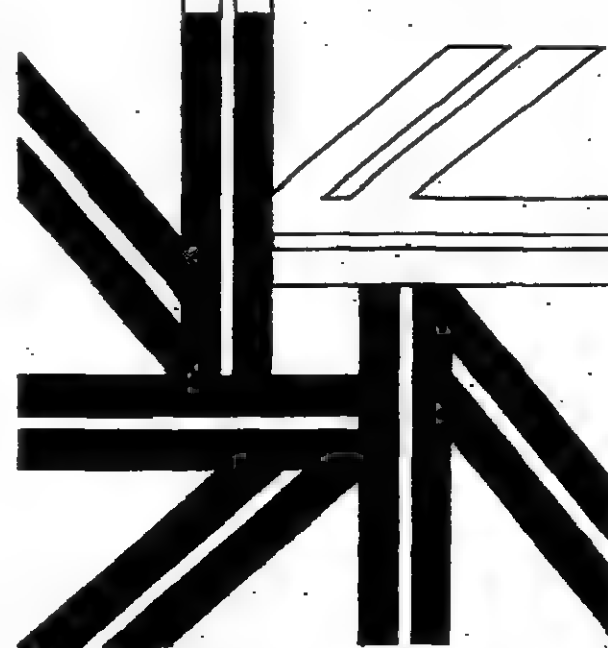
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Childhood Loss Shapes a Director's Life and Art



Jan Nowicki and Zsuzsa Czinkóczi in "Diary for My Children," opening Wednesday in New York—a 15-year journey to the screen

By ANNETTE INSIDORF

Fifteen years ago, the Hungarian filmmaker Márta Mészáros wrote an autobiographical scenario about an orphaned young woman in postwar Hungary who resists being adopted by her aunt — and by the Stalinist dogmatism that the aunt incarnates. But the ravages of Stalinism proved too touchy a subject at the time and, according to the director, it took 15 years before she obtained the approval to make "Diary for My Children" ("Napló Gyermekemnek").

Now that constraints on the arts in Hungary have lessened, and now that the film has won the Grand Prize in Budapest and the Special Jury Prize in Cannes, as well as being acclaimed at the New York Film Festival, Miss Mészáros feels free to recount why and how she made her 15th feature. "In all my films — not just 'Diary' — it's my own story that I'm telling," said the 53-year-old director during a recent trip to New York. "The problem of the child who is left alone in the world, searching for parents, has been a dominant impression for me. And it's also the story of my father and mother."

Miss Mészáros's parents, the sculptor László Mészáros and his wife, went to the Soviet Union in 1938 and took their 3-year-old daughter with them. During this period of Stalinist trials, Mr. Mészáros was arrested and disappeared in 1938, soon after his 33d birthday; his wife died before the end of the war. Miss Mészáros returned to Hungary in 1946 — as does Juli (Zsuzsa Czinkóczi), the adolescent protagonist of her film.

Juli lives with Magda (Anna Polony), formerly a revolutionary and now a militant newspaper editor. The older woman wants to adopt Juli, but the taciturn adolescent remains true to the memory of her parents (shown occasionally in lyrical flashbacks). Perhaps like her country, Juli is ungrateful to those who try to take her over.

Her happiest moments are at the cinema, and with Janos (Jan Nowicki) — a friend of Magda's who is now chief engineer of a factory. He reminds Juli of her father (in fact, the same actor plays both roles), and she asks him to help her leave Magda and find out what happened to her parents. But Stalin's purges are entering

another cycle, and the nondogmatic Janos is imprisoned. All Juli can do is visit him in prison, accompanied by Janos's son, waiting for his release.

"According to friends of my father," recalled Miss Mészáros, "he was not only a talented artist but a strong-willed and unaccommodating individual — like me, I might add, with perhaps a lack of modesty! I don't know what happened to him, just as I don't know who survived those Stalinist trials and how."

"Until now," she continued in a mixture of Polish, French and English, "the Stalinist epoch — 1943 to '53, or even 1956 — has been the most decisive foundation of our contemporary existence. Yet in schools, they do not teach what went on. Although I wrote 'Diary' 15 years ago, it's better that I made it only now, with a new generation in mind, and with more distance from the Stalinist era. Over the years, I've learned more about the cinema — I've developed my own style — and I hope I'm less sentimental and more cruel."

During these 15 years, Miss Mészáros became a respected and prolific filmmaker, beginning with approximately 25 short documentaries — many on popular-science subjects — and culminating in dramatic fictional portraits. Unsentimental but compelling, many of her films won prizes at international festivals.

In the same interval, the Hungarian cinema has begun to confront the painful legacy of the early 1950's — a time characterized by suspicion, denunciations, mock trials and purges. Whether in a comedy like "Peter Bacso's Witness" or a drama such as Peter Gothar's "Time Stands Still," Hungarian filmmakers have made some of the most courageous statements about the Stalinist era to emerge from Eastern Europe.

Indeed, "Diary for My Children" has been compared to "Angi Vera," the internationally acclaimed film about an orphaned young woman who moves up the Communist Party hierarchy in the late 1940's through her outspokenness coupled with a desire to please. To the suggestion that there are parallels, Miss Mészáros replied, "No, it's really my own experience, and [the film's director] Pal Gabor has a different style. 'Angi Vera' is far from my films because it's constructed psychologically. Mine are constructed with less emotion: my characters have a more dry or en-

closed look, and my actors practically don't 'act.'"

"'Diary' is very different from a film like 'Sophie's Choice,'" she continued, "where you have Meryl Streep crying — remembering through tears. When Juli remembers her mother or father, I give her almost nothing to do. The conflicts are practically invisible — the emotion doesn't show. I prefer a kind of 'pseudo-realism' which is only superficially realistic: in fact, I abstract a lot."

This sober style might be one of the reasons that Miss Mészáros's films are more popular on the international festival circuit than in her own country. With "Diary for My Children," she declared proudly, "I'm popular in Hungary for the first time. The Grand Prize in Budapest was even more important for me than the award in Cannes."

Nevertheless, the diminutive director makes films that are clearly less rigorous or stylized than those of her former husband, Miklos Jancsó. The respected filmmaker of "Red Palm" and "Electra" is admired primarily by formalists, and Miss Mészáros's style can be located somewhere between his epic tableaux and Istvan Szabo's ("Mephisto" and "Confidence") psychological focus: "I would say that Jancsó is interested above all in the mechanisms of the historical machinery whose cogs entrap men. I'm more concerned with human beings and how they individually shape history," she said.

These individuals tend to be women, although Miss Mészáros rejects the label of feminist. And when asked about the proliferation of strong women in Hungarian films — such as "Angi Vera," "Confidence," "Another Way," and "Forbidden Relations," in addition to her own work, she stressed that "it's the cinema that introduced this emphasis on women. In political life, Hungarian women actually play a more passive role; maybe the new generation is beginning to change things."

Throughout Miss Mészáros's work, women struggle for both autonomy and affection, often defining themselves by choosing daughters. In "Nine Months," for example, the character (and in reality the actress) gives birth on screen, and titles like "Adoption" or "The Heiresses" are indicative of her concerns.

THESE DAYS of reports about the increasingly perilous situation of Jewish life in the Soviet Union, it is comforting to hear predictions from an American expert that the gates of emigration will eventually swing open again.

The optimistic note comes from George Bailey, director of America's Radio Liberty, which broadcasts by shortwave around the clock to Soviet citizens who know little about what is going on in their own country.

Bailey, who is not Jewish but whose wife comes from a well-known German-Jewish family, is nevertheless extremely concerned about the predicament of Soviet Jews today. He describes the atmosphere in the Soviet Union as similar to that of Nazi Germany in that the Jews are being singled out and are being made a scapegoat.

The 65-year-old veteran journalist has visited the Soviet Union many times, but not in the past 20 years. He has not tried to get a visa recently, but he doubts that the Soviets would admit the head of Radio Liberty, whose broadcasts are regularly jammed by the authorities in an attempt to keep Russian citizens in the dark.

Bailey, born in Chicago and raised in the state of Washington, studied at Oxford and later at Columbia University after serving in the U.S. Army during World War II. Because he knew German, Bailey was a liaison officer in the military, making contact with the Soviet Army. He also interpreted and translated the

articles of surrender in Berlin. Today, Bailey speaks 12 languages, six of them fluently. He even has a smattering of Hebrew, which he acquired while studying classics at Columbia. Later, he went on to the nearby Jewish Theological Seminary — "I was a *Shabbos* guy for four years" — to bone up on the ancient language of the Jews.

In 1956, he began working for *The Reporter* magazine in New York, covering Eastern Europe as a correspondent and spending time in the Balkans and in Israel. That ended when the journal folded in 1968, after which he did some freelancing work and wrote a book called *Germans*. It sold very well, he says, and is now going into its eighth printing in paperback.

In 1973, he went to work for the publishing magnate Axel Springer, who bought up the business owned by his wife's family, the Ullsteins. Employed by the pro-Israeli publisher, Bailey served as a foreign correspondent writing in German. He was appointed head of Radio Liberty two years ago by the board for international broadcasting, headed by Frank Shakespeare, former head of the U.S. Information Service.

Bailey also found time to write *Armageddon in Prime Time*, an analysis of the consequences of the two superpowers battling for the hearts and minds of the world. The book will be published this month. Radio Liberty, with a budget of

Judy Siegel-Itzkovich talks to George Bailey, head of Radio Liberty

Filling a gap for the Soviets



nearly \$50 million a year, was established in early 1953 (around the time of Stalin's death), as a way of filling the information gap for Soviet citizens. Unlike the Voice of America, Radio Liberty is not meant to describe life in the U.S. "It tells Russians about Russia and the world at large," says Bailey, who adds that his station does not disseminate American propaganda. "We have

very strict guidelines on editorial material. We don't broadcast anything that isn't confirmed by two sources."

Radio Free Europe, which has similar aims, broadcasts throughout Eastern Europe, except Yugoslavia, but including the three Soviet Baltic states — Estonia, Latvia and Lithuania.

RADIO LIBERTY broadcasts to 15 Soviet republics, each in its own language. From Munich, it has a total of 250 staffers in Germany and in bureaus in London, Paris, Rome, New York, Washington and Hong Kong. One of the top journalists is former Prisoner of War Eduard Kuznetsov.

Kuznetsov is head of the Russian-language news department at Radio

Liberty and is thus responsible for all news broadcasts (10 minutes each hour) in that language. The introverted Kuznetsov accompanied Bailey on his visit to Israel.

Bailey came to Israel — his fourth trip but the first since 1968 — to meet with Israeli experts on the Soviet Union as well as broadcasters at Kol Israel. He particularly wanted to hear about nationalism in the Soviet Union.

Bailey claims that Radio Liberty has seven million listeners (who hear at least one broadcast each week). While it is obviously difficult to calculate exactly how many Soviets tune in, Radio Liberty has a special unit that makes listeners' projections according to, among other things, interviews with Soviet tourists abroad and with Soviet Jewish emigrants. The station also gets many letters and even some phone calls.

According to Bailey, the Soviets made a big mistake — from their point of view — when they allowed the widespread sale of short-wave radios and cassette recorders in the Sixties.

Radio Liberty broadcasts a very popular programme on Russian history, a topic suggested by a Soviet listener who wrote to the station.

THERE IS an hour-long programme each week aimed at Soviet Jews, although it is in Russian and not in Hebrew. It focuses on Jewish problems in the Soviet Union. Another programme of interest to Jews is that on human rights and the *Semiatat* — underground Soviet literature.

There are also frequent references to Israel.

Bailey sounds like a Zionist when he praises Israel for its help to the U.S. in maintaining security in the Middle East, as well as its fight against terrorism.

The U.S. and Radio Liberty, he says, "owe a great vote of thanks" to Jews in the U.S. and elsewhere for their persistence in keeping the Soviet Jewry fight alive. It is through this struggle that the whole world is aware of what is going on in the Soviet Union, he says.

Bailey has been "shocked" by the worsening plight of Soviet Jews and is extremely worried about what will happen in the coming months. But in the long run, he says, there must be a new détente between the superpowers, because "Russia has to have it."

That defrosting of relations could lead to a new exodus of Soviet Jews. Moreover, he is convinced that major changes will take place in the Soviet Union in the next 15 years.

The Soviets cannot terrorize Jews into disappearing, Bailey insists. And he urges supporters of Soviet Jewry to persist in "making noise," since quiet diplomacy is ineffective in bringing about their mass emigration.

Israel is "the best place" for Jews, Bailey continues, and America is second best. "But it's possible that something could happen in three centuries or so that would make it dangerous for Jews to live in the U.S. There is no guarantee that Jews will be safe there."

Truth in advertising

RANDOMALIA/Miriam Arad

IT IS not so much the outright lies of the admen that bother me, it is the assumption that we won't take them at their word. "Success guaranteed," for instance, which goes with recorded language lessons and pills for weight reducing, or, "No one will notice," which comes with things like toupees. What do you do if you still can't speak Portuguese after eight tapes, or if someone at the office says: "So you've decided to do something about that bald patch, old man, Mazel tov!"

Do you go and ask for your money back? Do you ask for it back if you hated the taste of some new "crunchy" or "munchy" when the ad promised that "You'll love it"? Well then!

We aren't meant to take them at their word. When I was young and innocent, I once did, and the experience has lasted me a lifetime. A well-known American magazine, which shall be nameless, had offered to send me the first volume of a series for a free, ten-day trial. The rest of the series to follow "awaiting your approval." I accepted the offer.

Vol. 1 arrived in due time and, contrary to the paeon of praise they had bestowed on it, I found it exceedingly so-so. I sent it back even before the ten days were up with a polite no-thank-you note, but a week or so later Vol. 2 arrived. I sent that back, too. By the time I received Vol. 3, I was getting fed up with the trip to the post office, and was sorely tempted to keep it, just to show them. Still, American mags can afford better lawyers than I can, so I reluctantly returned Vol. 3 as well.

At this point the mag got the message, at last, and I was spared Vol. 4. What had happened? Hadn't they meant what they said about awaiting my approval? Did they operate on

the premise that people can't be bothered to send things back? Or was it that they couldn't believe anyone might fail to be enraptured by their precious series? Whatever the case, it cured me of free trials for good.

IN TIME I also got cured of detergents that will "remove the most stubborn stain," of airlines that treat their passengers "like royalty" (What if they don't? Do you go and say: "Look, you served Prince Charles champagne the other day, why do I only get lousy coffee?"), of cosmetics that "restore the dewy touch of youth to your complexion" and of thrillers that "you won't be able to put down."

They say all these things, but they apparently trust we know better than to believe them. I gather, however, that this isn't what "truth in advertising" is about, for that just seems to mean that if you say your product contains "X" and "Y," you are considered to be cheating if it's found to have a little "Z" in it as well.

What I would like to mean is an airline saying: "We'll treat you like cattle and our coffee stinks, but so does that of the competition. Our sole advantage over them is that our stewardesses speak Hebrew," or "we are slightly more punctual," or whatever the truth is. And in bluffs: "There's an even chance you will like this thriller. We had it read by five people, of whom two couldn't put it down, two read it through but said it didn't come up to some of the author's previous stuff, and one got no further than page 12."

That's what I call truth in advertising, and if ever I find anything like it, I'll turn round and expect to see the Messiah on his white ass coming up the street.

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Winter crops

GARDENER'S CORNER / Walter Frankl



Artichokes grown against a fence as a backdrop

plants for improving plant varieties.

Set peas in rows about 3 cm. deep with 10 cm. from seed to seed and half a metre from row to row. Peas germinate quickly, and for good results they should be cultivated several times between the rows. They mature in 10-12 weeks. When the pods are bright green and well-filled, they are ready to be picked.

Broad beans, a popular dish in oriental restaurants (cooked beans with humous or tahina) are easy to grow. Seeds are available at seed shops or grain suppliers. Sow them in well-dug soil in trenches 5 cm. deep with slight additions of compost and superphosphate. Always put two seeds together with 15-20 cm. from pair to pair. Broad beans grow very high, up to a metre, and two closely growing plants will support each other against the winds. Leave a distance of 80 cm. between rows, so you'll be able to heap up the soil towards the plants from both sides as an additional protective device against storms. Broad beans should only be eaten cooked, and in contrast to other beans, their pods are not edible. Broad beans ripen in 3-3½ months.

Onions. Instead of seeds, use bulbets for quick results. Onion bulbets are now available in most seed shops. Bulbets serve a double purpose: green onions for salads and soups and white onions for cooking. Prepare a rich soil with additions of compost and a general fertilizer and sow the bulbets 5 cm. apart in rows 3-4 cm. deep. Just cover their tops and when they reach a height of 15-20 cm. thin them out so they are

15 cm. apart. At this stage you have the so-called "green onions," which can be used generally 8-10 days after sowing. The plants that remain in the soil will become the "white onions." Never cut leaves from plants left in the ground.

Weed and cultivate frequently. Keep the ground slightly moist and don't allow the plants to bloom or produce seed pods. After 3 months of growing, bend all onion stems down and stop watering gradually. When the ground becomes dry and the foliage yellow, harvest large, white onions for use in the kitchen.

Carrots are one of the easiest vegetables to grow, but unfortunately they take a long time, about 4-5 months, from sowing to harvest. Like all other root crops, carrots do well in deeply dug soil. They do not need any organic matter, but would be grateful for an occasional addition of a general fertilizer. Mix the very small seeds with three times as much pure sand to ensure even distribution and to avoid overcrowding. Sow in trenches 2 cm. deep and cover with sand or vermiculite. For a better seed-soil contact, step on the closed trenches. Carrot rows should be about 30-35 cm. apart. Carrots should be weeded, cultivated and thinned out frequently. Small carrots may be eaten as a tasty vitamin-rich treat.

Radishes are the quickest-maturing vegetables. They may be eaten 4-5 weeks after sowing. There are a great many varieties of radish of which the most common are the small round ones and the long, oval ones. They vary in colour from pink.

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Kibbutzim are reading development trends correctly

Switch from plain industry to high-technology

By MACABEE DEAN
Jerusalem Post Reporter

TEL AVIV. — The "industrial crops" the kibbutz movement planted in 1982/83 produced a very satisfactory harvest; now kibbutz leaders are wracking their brains how to plant "high technology crops."

This was stated yesterday by Oded Vinkler, coordinator of the Kibbutz Industry Association. Additional details were given by Ben-Zion Wainer, head of its export division.

Vinkler said that policy governing the crop "planted" in 1982/83 ran counter to the feeling then prevalent — to produce for the local market. (The kibbutzim have their own fiscal year, which runs from October 1 through September 30, parallel to the Hebrew year and the agricultural season.) "Not only did we set our sights on exporting, but we even shifted our targets abroad. Fewer shipments went to the African countries, and even to the European countries, whose currencies were falling, and much more went to the American and Canadian market."

The result was that the percentage of exports to North America grew in 1983-84 to 31 per cent of all exports, compared to 25 per cent in the previous year. And in certain fields, like plastics, these exports grew from \$1.2 million to \$5m., and should reach \$11m. soon. "This is mainly



Oded Vinkler

because we sent our own man to the U.S. to sell our plastic goods."

But the real "harvest" was the growth in total exports. While they were \$187m. in 1982/83, they grew to \$244m. in 1983/84. About 20 per cent of all industrial production is exported.

Vinkler noted that "the crop we must now plant is a generation of technicians and engineers in the kibbutzim." Although the kibbutz industries — there are some 360 plants today — have begun to enter this field, expansion is slowed down by the lack of skilled manpower. "In certain high-technology industries,

about one-third of the manpower must be engineers or highly skilled technicians. We have to draw up a plan to train them."

At present some 14,200 persons are employed in the kibbutz industries. And these 14,200 bring in about half of the income of the kibbutzim. "Within ten years, we believe industrial production will provide us with 65 to 70 per cent of our income."

A serious problem facing the kibbutz industries is their relative smallness. The average kibbutz plant employs about 40 people. "If we want to continue with our export drives, we have to get several plants which now work in the same field to set up joint export endeavours. For it is terribly difficult for one plant to produce half a dozen items for markets in four or five different countries," Vinkler said.

Another problem is that there is a freeze on all investments (due to a government directive), and this has paralyzed expansion plans, or plans to set up industries, in 30 undertakings. About 15 of these plants cannot now meet orders they have on hand.

At present, the kibbutz industrial production consists of 6 per cent of all national output (excluding diamonds) (5.1 per cent the year before). As for exports, 7 per cent (6.3 per cent the previous year) come from kibbutz industries.



Esther Rubin, widow of the painter Reuven Rubin, hands Tel Aviv Museum director Marc Scheepers three valuable lithographs on Biblical themes which she is donating to the museum. The works were among the last her husband executed.

Swissair, Aeroflot, United, all come first in aviation poll

By JOSHUA BRILLIANT
Jerusalem Post Reporter

TEL AVIV. — Swissair has won the title of the best airline in the world. Russia's Aeroflot is reported to have carried the most passengers, and the American carrier United leads the world in the size of its fleet, the number of employees and operating revenue.

This emerged from reports published in *Business Traveller* and *Air Transport World*.

Business Traveller, published in Britain, gave Swissair the cup after 21 per cent of the respondents to its questionnaire cited it as the best in the world. Singapore Airlines won second place and British Airways third.

A table published by *Air Transport World* listing the world's top 25 airlines for last year said Aeroflot carried 109 million passengers, placing it far ahead of all the runners-up. The U.S. carriers United, Delta, Eastern and American Airlines occupied the second to fifth slots, carrying between 31m. and 38m. passengers each last year.

The biggest West European airline was Lufthansa, which flew 14m. passengers. Saudi Arabia's airline also made the list, having carried close to 11.5m. passengers, which earned it the 18th slot.

The American Flying Tigers airline, which specializes in freight carrying, ranked first in the cargo category, followed by Aeroflot, Japan Airlines, Air France and Lufthansa.

U.S. carriers reportedly have the biggest fleets in the world. United has 329 planes, Eastern 283, American 243, Delta 226 and TWA 125. British Airways came next with 173 planes, and the U.S. airlines — Republic, Pan Am, U.S. Air and Northwest — occupied the next three slots. Saudi Arabia came 22nd, with 73 planes.

U.S. carriers also had the biggest operating revenues. United topped the list with an operating revenue of \$5,373m. It is followed by American, Eastern, Delta, Pan Am and TWA. Lufthansa, Air France and Northwest came next, followed by Saudi Arabia, which reported an operating revenue of \$1,957 million.

Self-employed (56%) own more cars than workers (42%)

By AARON SITTNER

About 42 per cent of Israeli families whose breadwinners are salaried workers own a motor vehicle, according to the Central Bureau of Statistics. The number is higher among the self-employed — 56 per cent.

The bureau's Statistical Abstract of 1984, due to appear early next month, also shows that salaried workers' ownership of other durable goods — food freezers, washing machines, vacuum cleaners, videocassette recorders, stereo systems and similar articles — is also lower than that of self-employed people. But the gap is narrower among these possessions than it is for motor vehicles.

The average family among salaried breadwinners numbers 3.8 souls, of which 1.6 are employed. The average family's income derives 68 per cent from the husband's earnings, 17 per cent from his wife's and the rest from the earnings of other members of the family.

Salaried workers constitute 79 per cent of the civilian labour force the Statistics Bureau points out.

The vital statistics section of the new Statistical Abstract contains the finding that 11 per cent of the more than 4,500 Jewish couples who were divorced during 1983 were parents of three or more children.

The section also reveals that Israelis getting divorces are now doing so after relatively longer periods of marriage than in previous years. Thus, while the number of divorces following less than 24 months' marriage stood at 23.5 per cent in 1980, that rate dropped to 20.5 per cent by 1983 and to only 12 per cent last year.

The bureau says that almost nine per cent of all Jewish couples marrying in Israel got divorced within 10 years and no less than 50 per cent of the divorcing couples do so within five years of their marriage.

WELLINGTON. — The only known photograph, a daguerrotype portrait, of the first Duke of Wellington, conqueror of Napoleon at Waterloo, was bought by an unidentified American in London on Friday for £10,450 (about \$16m.), auctioneers Sotheby's said.

Syria makes new oil find in north-east

DAMASCUS (Reuters). — Syria has found oil deposits in the northeast of the country, which diplomatic sources say could help it maintain its position as a net oil exporter.

One well has already been drilled by Pecten Syria, a U.S. subsidiary of the Shell group, in an area near the Syrian-Iraqi border, and drilling on another two is under way.

Syrian officials declined to give details of the discovery, made early this month, but said prospects looked good.

Unofficial estimates have put potential output of the new wells at 300,000 barrels a day (BPD), but the sources said a more realistic figure would be around 100,000 BPD.

Syria has relatively small oil reserves — estimated at 1.5 billion barrels at end-1982 — but has managed to preserve a small surplus of crude exports over imports.

RESEARCH. — The Elbit-Elron electronics concern has established a \$250,000 research fund at the Technion to mark the institute's 60th anniversary. The firm called on Israeli industrialists who need the Technion's know-how and engineers to follow suit.

Fewer Israelis spending more £ in UK

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — Fewer Israelis are visiting Britain this year than last, but they are spending more money per person than those who went last year. This was stated by British Tourist Authority (BTA) official Corinne Sharpe last week during a visit here.

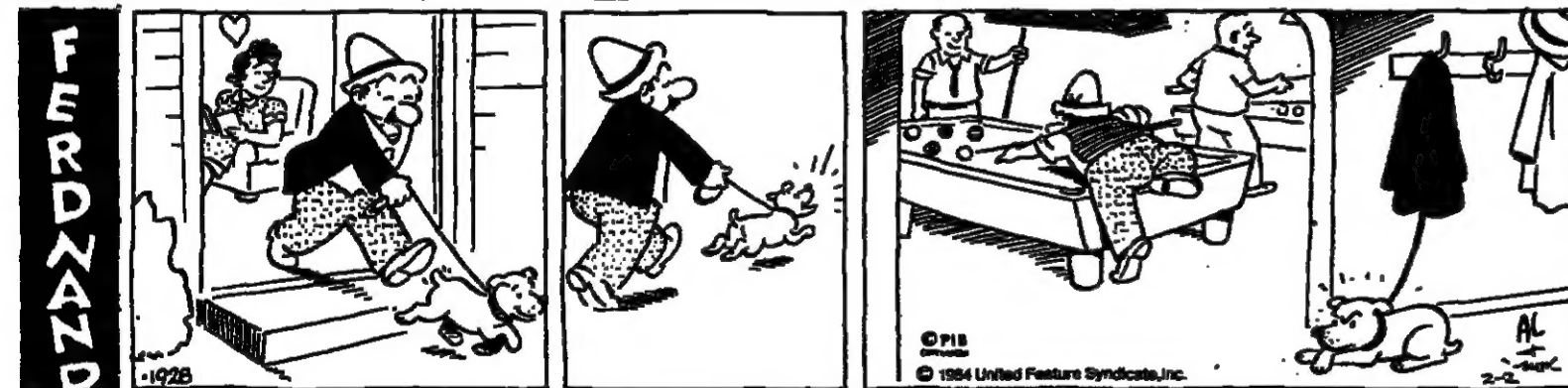
Last year, 149,000 Israelis visited Britain, eight per cent more than the 137,000 estimated tourists for this year. They spent an average of £315 per person, for a total of £47 million. Israelis who have come to Britain this year have already spent more

per person than last year. Sharpe said that of the 12 million annual tourists in the U.K., the Americans spent the most, with Israelis taking eighth place on the list of spenders.

The BTA is organizing a workshop of British hoteliers and travel agents in Israel next January to promote tourism to Britain, Sharpe said.

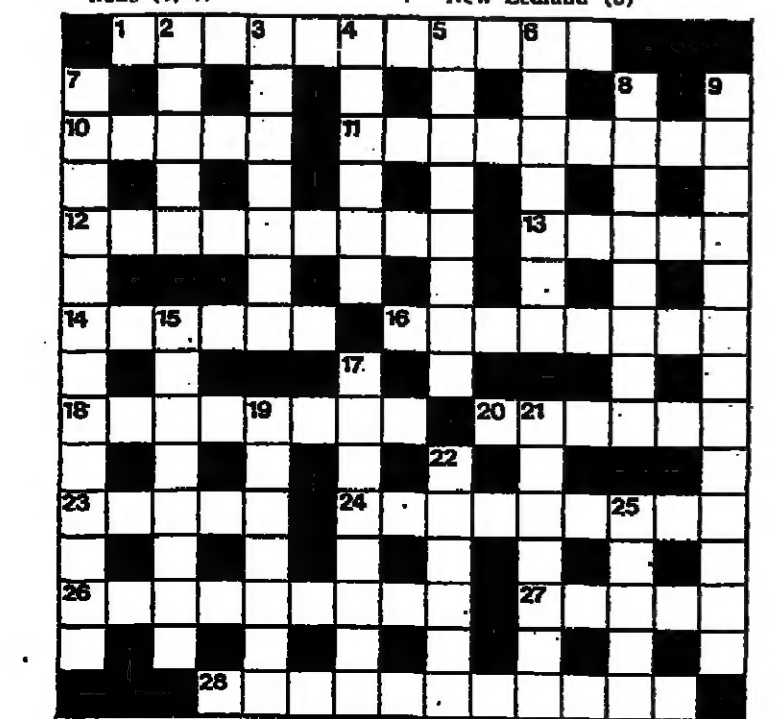
She noted that there are fears in Britain that the economic depression here may discourage Israeli tourists next year.

The BTA is currently promoting "heritage tours" to historic sites in England, and next year will emphasize the Tudor period. Tourists are also encouraged to visit Scotland, Bath and other cities, where the shopping is just as good as in London but hotels and meals are considerably cheaper.



ONE-AND-ONE CROSSWORD

- ACROSS
- Trivial remarks that make little difference (5, 6)
 - Honoured companion in a remote country (5)
 - Small rises that will naturally lead to bigger ones (9)
 - Charges too much? (9)
 - Kind of fish the patient may ask for (5)
 - Comes by chance on the answers to the clues? (8)
 - Notorious definition of a sum in another form (8)
 - Recommend someone to take legal action? (8)
 - Cunningly steer round a difficult problem (6)
 - Prickly Norse god with Saxon character? (5)
 - Where the noodles found themselves beset by troubles? (2, 3, 4)
 - Orange-red contraption for piped music (4-5)
 - Conscious of a backwash? (5)
 - It's bound to contain directions (7, 4)
- DOWN
- A cereal I found in a labyrinth (5)
 - Frisky flea allowed a bit of publicity, maybe (7)
 - Amazing fact on an Islamic habit (6)
 - Viewed like this our gains could be stirring (8)
 - Hell upon earth it was for the Israelites (7)
 - Their lot is unenviable when the classrooms are in turmoil (13)
 - Splendid girl twice rings us in error (8)
 - Run-down company director? (5-8)
 - Stop and do a bit of bowling? (4, 4)
 - Correspondent who ties up the odd item for a paper? (8)
 - Where harmony is to be found in Massachusetts (7)
 - Timid little female in need of pastoral care (3-4)
 - Pebbles one gets in short thoroughfares (6)
 - Go to a redeveloped part of New Zealand (5)



GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Hachinukim, 50 Jaffa, 233081. Balm, Salah Edin, 272315. Shu'afat, Shu'afat Road, 810108. Dar Al-Awda, Herod's Gate, 232089.

Tel Aviv: Brin, 28 King George, 283731. Kupat Holim Leumi, 4 Heftman, 268271. Netanya: Kupat Holim Chai, 31 Brodetski, 91123. Haifa: Yaviv, 7 Ito St., 672388.

DUTY HOSPITALS

Jerusalem: Bilor Holim (pediatrics, E.N.T., Hachinukim E.K. (internal, gynecology, surgery, orthopedics), Shaare Zedek (ophthalmology, Tel Aviv: Rofim (pediatrics, internal, surgery), Netanya: Laniado (obstetrics, internal, pediatrics, gynecology, surgery).

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QUICK CROSSWORD

ACROSS

- Warlike
- Whiz
- Memoranda
- Conveyance
- Huge whirlpool

DOWN

- Swiss canton
- Furiously angry
- Cushion
- Russian port
- Victor
- Frighten
- Woodland deity
- Implore

POLICE

Dial 180 in most parts of the country. In Tel Aviv dial 524444. Kiyot Shimon 4444.

U.S. deficit amounts to \$175.3 billion in 1984

WASHINGTON (Reuters). — The U.S. Federal deficit came to \$175.3 billion, compared with \$195.4b. the previous year, the Treasury department said last week.

The amount came close to the Reagan Administration's estimate of a \$174.3b. deficit for the financial year to September 30.

The Treasury said revenues of \$666.5b. were outweighed by spending of \$841.8b. on budget.

Small rises in U.S. prices for September

WASHINGTON (AP). — Consumer prices rose a moderate 0.4 per cent in September as petrol prices climbed at their steepest clip in 16 months and food prices dipped slightly, the U.S. government has reported.

The report on prices, the last before the November presidential elections, showed a sharp reversal in the summer-long trend of cheaper petrol but rising food prices in the U.S. With only three months left in the year, consumer prices were rising at an annual rate of just 4.2 per cent, close to the 3.8 per cent posted for all of last year.

The Labour Department said September petrol costs rose 1.1 per cent, the sharpest gain since May 1983. The new increase followed three months of falling prices.

Your money & your questions

By JOSEPH MORGENTHAU

QUESTION: *Patam* dollar accounts appear to protect the real value of savings. Do you think that there will be changes in the Bank of Israel regulations governing these accounts? If so, what are they likely to be?

ANSWER: According to recently passed legislation the Treasury may not "hurt" the public's savings. On the assumption that the Treasury and the Bank of Israel will abide by the "rules of the game," I do not anticipate any major changes which would seriously affect *patam* accounts. Nevertheless, one can expect changes which may include the elimination of *patam* deposits for short periods, such as three or six months. The minimum deposit period may be set at 12 months.

There is a double-barrelled rationale behind such a plan. The Bank of Israel, based on a recent study, may save some \$150 million a year in interest payments on short-term deposits. Also, depositors will be prompted to look up deposits for 12-month periods and thus postpone the date when these *patam* funds will be converted into shekels and used to increase inflation.

QUESTION: Several months ago I borrowed from a friend the equivalent of \$300 in shekels. I saved funds in my *patam* dollar account and when the time of repayment came, I instructed my bank to transfer the \$300 in payment of my loan. When I received my bank statement, my *patam* account was minus the \$300, and my shekel account had been credited with a certain sum and then debited by a larger sum. My banker assured me that he had carried out the transaction properly, but he did not have the time to explain. Can you?

ANSWER: Israel is not allowed to make transactions, between themselves in foreign currency. Your banker, from your description of the deal, acted in the only way provided by the law. Since he could

not transfer \$300 from your account to the account of your creditor, he converted your \$300 into shekels. In the process you received the lower of the two exchange rates and you were charged a small conversion commission. To settle your debt, he then transferred sufficient shekels to enable your creditor to buy \$300.

The cost of the purchase includes conversion at the higher rate of two exchange rates, a one per cent foreign currency purchase tax, and a conversion commission fee as well as a fee for transferring funds to the bank of the creditor. The costs involved may be up to 4 per cent, approximately \$12.

Yes, it was both expensive and complicated; but it was all done according to the sometimes complicated foreign currency regulations, which lead to excessive paper work and expense.

QUESTION: Has there been a recent addition to the list of foreign shares which Israelis are allowed to invest in?

ANSWER: Yes. As of October 22 the shares of Optrotech have been added to the list of 10 shares previously approved for investment. Broadly speaking, such approval is given to the shares of Israeli industrial companies whose shares are registered for trading solely outside the country.

QUESTION: When going abroad, will I be able to buy duty-free goods in Israeli currency at Ben-Gurion Airport?

ANSWER: The duty-free shop at B-G to my great joy used to sell cigars and other goodies and allow me to pay in shekels. The savings was the 15 per cent tax on the purchase of travel dollars. Alas, we have now been deprived of this relative advantage, since the duty-free shop has been forbidden by the Treasury to sell merchandise in Israeli currency.

Readers are invited to send questions for this column to The Jerusalem Post editorial offices in Tel Aviv.

Brazil, Paraguay switch on giant hydroelectric scheme

ITAIPU (Reuters). — The world's biggest hydroelectric scheme, the Itaipu Dam on the river Parana dividing Brazil and Paraguay, began operating last week.

Presidents Joao Figueiredo of Brazil and Alfredo Stroessner of Paraguay switch on generators to send electricity along a 700km. power line to Brazil's industrial heartland around Sao Paulo.

So far two 700 megawatt turbines have been installed, but when work is finished in 1990, Itaipu will generate 12,600 megawatts, about a third of Brazil's present electricity consumption.

The \$15 billion joint venture project between Brazil and Paraguay dwarfs the world's other big hydroelectric schemes, such as the U.S. Grand Coulee and the Soviet Union's Krassnoyarsk dams, which generate 9,000 and 6,100 megawatts respectively.

The amount of concrete used in building the powerhouse and 7,800 metre barrage that dammed the Parana, Brazil's second-largest river after the Amazon, could build a motorway from Lisbon to Moscow.

Other statistics are as impressive. The generating capacity of each turbine-generator is more than half the output of the world's largest nuclear power station, the 1,200 megawatt Grand Gulf plant, near Baton Rouge in the United States.

The damming two years ago of the Parana, which separates Brazil from Paraguay, created a 1,400 square km. artificial lake.

The island of the Singing Stones, from which Itaipu takes its Indian name, is buried under thousands of tons of concrete.

Paraguay, with a population of four million, can absorb only a maximum of 300 megawatts from Itaipu. It will pay for its half of the project by selling power to Brazil.

External loans raised to finance the scheme represent some four per cent of Brazil's \$95 billion foreign debt.

Critics of the project say demand will not be enough to absorb such enormous quantities of power, while the cost of Itaipu has helped thrust the country deeper into debt and recession. The state electricity company, Eletrobras, says that consumption is growing.

Nigeria stands tough on oil cuts

GENEVA (Reuters). — Maverick Nigeria took a tough line on oil prices and output yesterday in defiance of Opec policies ahead of a ministerial conference of the oil exporter group.

But although Nigeria said it would not cut a single barrel of its current oil production, officials said they were confident today's ministerial talks would withdraw enough crude oil from world markets to support official prices.

"Cutting back on oil is suicidal,"

Nigerian Oil Minister Tam David West told a news conference. "Oil is life to Nigeria."

Nigeria upset its 12 partners and brought fears of a price crash when it broke Opec ranks 10 days ago by cutting its price from the group's agreed official levels.

Today's conference was called to tackle the resulting crisis, but David West said he had not come here to negotiate either a Nigerian price increase or a production cut.

Maof fires quarter of its staff

By JOSHUA BRILLIANT
Jerusalem Post Reporter

TEL AVIV. — The privately-owned Maof charter airline has decided to dismiss a quarter of its staff and cease flights to destinations where competition is too stiff. The move is designed to cut costs and help the line repay debts totalling millions of dollars. A reorganization plan is to be announced this morning.

Maof, which owns also the Charter Maof Agency has informed about 90 of its 350 employees that they must leave.

Maof owns three Boeings and leased a fourth. Aviation sources outside the company said they believed the company encountered problems because it has grown too fast.

Meanwhile the airline reaffirmed that all ticket holders will be able to make their flights as scheduled. It noted that it had placed a bond with the Civil Aviation Administration to guarantee these flights. This arrangement also applies to people who have joined its subscription deal, it said.

Energy Ministry staff to join planning councils

Jerusalem Post Staff

Energy and Infrastructure Minister Moshe Shahal and Interior Ministry director-general Haim Kobersky last week reached an agreement that representatives of Shahal's ministry will sit on district planning commissions, the government spokesman announced.

The agreement followed Shahal's

complaint that his ministry, which is responsible for planning and executing the country's infrastructure, was not a partner to planning commission decisions.

Shahal has also charged that many planning deliberations go on for years and cost the state huge sums of money.

Tel Aviv tax dodger jailed and fined

TEL AVIV (Item). — A Tel Aviv steakhouse owner, Shmuel Russo, 59, was last week sent to jail for nine months, fined \$200,000 and given a nine-month suspended sentence for tax evasion.

The prosecution told Tel Aviv Magistrates Court Judge Yitzhak Braz that Russo had not filed income-tax returns for 1980 and 1981.

Still strong, but even less volume

The contradictory trends apparent last week intensified in yesterday's trading. Shares of all sorts, as well as bonds, moved ahead by several percentage points, but at the same time the volume shriveled even further.

These features, of rising prices and falling turnovers, are contradictory in any but the short term, and therefore one of two things must happen over the next few days. Either the rising prices, resting perhaps on optimism over an even tighter price freeze, will spark more interest in the market, and volume will begin to expand—or the rises will peter out as more sellers enter the arena, taking advantage of the correction in many super-low prices to offload. This may be accompanied by or follow a final collapse of package-deal negotiations.

In the course of this year this temporary upswing scenario has developed several times, but on every occasion the result has been a disappointment, in that the rises petered out from lack of interest. With each failure, the remaining optimists dwindle in number, but for the die-hard bulls, hope springs eternal, so maybe this time is the long-awaited change in trend.

Yesterday's volume, in both bonds (\$968 million) and shares (\$563.9m.), was, from this point of view, disastrous. It represented a lower level than on any day last week in nominal terms. In dollar terms, with the rate at \$500 last Friday, the result is even worse.

Yet in terms of prices themselves, everything was fine. Every sector except oil rose, and both the General Share Index and the non-bank index advanced by more than 2.5 per cent. Investment companies started again

Tel Aviv Stock Exchange

By PINHAS LANDAU

with a gain of 5.47 per cent, with IDB Development, Clal, and Discount Investments continuing to lead.

Bonds were also in fine form, with the overall index almost 2 per cent up, and the 80 per cent linked sector fully 3.44 per cent ahead.

An interesting feature of yesterday's share trading was that, for the first time in several weeks, the bank shares of the "arrangement" took less than half of the total share volume. However, the IS330m. traded in the "free" share market still only represents \$650,000.

Announcements: The Development Company of the Builders and Contractors Centre announced an adjusted loss of \$142.1m. for the first half of 1984. This compares with \$5.2m. in the same period of 1983 and \$120m. for the whole of last year. No explanation is given in the notes, but the general manager of the company adds that, in view of the general economic uncertainty, it is impossible to predict how the rest of the year will shape up.

Hassneh purchased 16.7m. shares of the Menorah insurance company from its subsidiary, Hassneh Investments. The latter had acquired this 13 per cent stake in Menorah's equity in December 1983, at a price of 1.803 points. The sale was at the current price of 4.162, and was transacted last Thursday. The deal thus represents a hefty loss to Hassneh.

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MARKET STATISTICS

Indices

General Share Index	507.16	+2.65%
Non-bank Index	329.67	+2.78%
Bank Index	631.67	+2.63%
Industrial	380.66	+2.04%
Bond Index	394.51	+3.98%

Turnovers

Shares	15,639.2m.
Bonds	968.5m.
Advances	258
Declines	104
of which 5% +	31
of which 5% -	16
"Buyers only"	8
"Sellers only"	8

4% fully-linked

Rises to 1.5%	3%
Falls to 5%	10%
Double-option	10%
Rises to 2.4%	10%

Most Active Shares

Leumi	8770	1578.3m.	+336
IDB	20250	1563.3m.	+750
Hapoel	13440	1533.3m.	n.c.

Sharpest Moves

Danot	882	+180	+25.6%
Yarden Hot. op.	392	+60	+18.1%
Ben-Yakar Gat op.	947	-192	-16.9%

Investments, given the 300 per cent

inflation in the period it held the shares. Hassneh Insurance notes that its acquisition is for business or trading purposes, rather than investment.

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Commercial Banks

(part of "arrangement")

OHF	5400	40	+90	+10.0
General non-arr	2264	126	n.c.	-
Machinas 0.5	576	289	n.c.	-
General non-arr	2264	126	n.c.	-
N. American 1	2109	100	n.c.	-
N. American 5	1553	184	n.c.	-
N. Amer. op	2082	128	n.c.	-
Danot 1	372	40	-28	-7.0
Danot 5	38	32	+8	+21.1
Danot 2	222	142	-18	-7.5
First Int'l 0.5	600	1076	+12	+2.0
FIBI 0.5	464	866	+17	+3.8

Commercial Banks

(part of "arrangement")

IDB	3050	315	+780	+25.9
IDB B	11000	11	+1700	+15.6
IDB P A	129000	1	+4000	+3.2
Union 0.1	15050	216	+760	+5.1
Discount A R	26180	6	n.c.	-
Discount B R	2995	34	+5	+1.7
Mizrahi	8750	209	+300	+3.7
Mizrahi 5	3299	94	+420	+12.5
Mizrahi 10	3770	55	+90	+2.5

Real Estate, Building

Glind 1	845	250	+10	+1.1
Glind 5	687	325	+10	+1.5
Oren	199	39	n.c.	-
Oren 5	69	409	+4	+6.2
Baranovitz 1	320	581	n.c.	-
Azaroni op E	266	7	+7	+2.7
Elion	66	665	+1	+1.5
Elion op	49	380	+4	+10.0
Baranovitz 1	320	581	n.c.	-
Elion	66	665	+1	+1.5
Elion op	49	380	+4	+10.0

Mortgage Banks

Adanin 0.1	1475	10	n.c.	-
Adanin 0.5	1228	8	-1	-1.1
Carmel	1201	1	+1	+1.1
Carmel deb	611	121	+1	+1.2
Bayazit	840	35	+40	+4.7
Dev. Mortgage	1400	n.c.	-	-
Mishkan	1400	n.c.	-	-
Independence	885	50	-38	-4.1
Tefahot p	1460	5	+30	+2.1
Tefahot 1	1390	15	+18	+1.4
Tefahot 2	780	239	+3	+0.4
Jayson 1	205	134	-23	-10.1
Jayson 5	155	28	n.c.	-
Jayson op	720	178	+39	+5.7

Financial Institutions

Shitton	151	783	n.c.	-
Shitton B	1889	n.c.	-	-
Agriculture A	14296	n.c.	-	-
Agriculture B	37600	n.c.	-	-
Leumi Ind	983	17	-3	-3.1
Leumi Ind B	980	n.c.	-	-
Ind. Dev. P	30115	1	+1500	+5.2
Ind. Dev. C	1	n.c.	-	-
Ind. Dev. CC	63650	n.c.	-	-
Ind. Dev. CC1	63800	n.c.	-	-
Ind. Dev. D	47488	n.c.	-	-
Ind. Dev. DD	21483	n.c.	-	-

Insurance

Arzyeh	385	70	+28	+5.0
Arzyeh op	285	51	+18	+6.0
Arzyeh deb	9300	n.c.	-	-
Ararat 0.1	802	72	+40	+5.3
Ararat 0.5	409	399	n.c.	-
Refusor 0.1	770	n.c.	-	-
Refusor 0.5	195	94	+5	+2.5
Hadar	167	20	-12	-5.8
Hadar 5	167	20	-12	-5.8

Trade & Services

Dev. Mortgage r	565	50
Mishkan r	1400	-
Independence	885	50
Tefahot p r	1460	5
Tefahot r	1275	137
Tefahot d b	1500	7

